

# ENGINEERING FOR SCALE

SUBSIDIARIES  
ANNUAL REPORT  
**2020 - 21**



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**BOARD REPORT (SECTION 134)**

Dear Members,

The Directors have pleasure in presenting their fifteenth report and Audited Accounts for the year ended March 31, 2021.

**1. FINANCIAL RESULTS:**

Particulars	2020-21	2019-20
	₹ Thousands	₹ Thousands
Profit Before Depreciation, exceptional and extra ordinary items & Tax	1,76,668	2,13,816
Less: Depreciation, amortization, impairment and obsolescence	5,794	6,077
Profit before exceptional and extraordinary items and tax	1,70,874	2,07,739
Add: Exceptional Items	Nil	Nil
Profit / (Loss) before tax	1,70,874	2,07,739
Less: Provision for tax	46,055	61,326
Profit for the period carried to the Balance Sheet	1,24,818	1,46,413
Add: Balance brought forward from previous year	1,60,299	12,820
Less: Dividend paid for the previous year (Including dividend distribution tax)	Nil	Nil
Add: Gain / (Loss) on re-measurement of the net defined benefit plans	166	1,066
Balance available for disposal (which the Directors appropriate as follows)	2,85,283	1,60,299
Debenture Redemption Reserve	Nil	Nil
Balance carried to Balance Sheet	2,85,283	1,60,299

**2. STATE OF COMPANY AFFAIRS:**

The gross sales and other income for the financial year under review were ₹ 849,938 thousand as against ₹ 1,424,176 thousand for the previous financial year registering a decrease of 41%. The profit before tax from continuing operations including extraordinary and exceptional items was ₹ 170,874 thousand and the profit after tax from continuing operations including extraordinary and exceptional items was ₹ 124,818 thousand for the financial year under review as against ₹ 2,07,739 thousand and ₹ 1,46,413 thousand respectively for the previous financial year, registering a decrease of 18% and 15% respectively.

**COVID-19 UPDATE**

The Company implemented safety and hygiene protocols like wearing of face masks, social distancing norms, workplace sanitation and employee awareness programs at all its plants and establishments. The protocols are regularly reviewed and updated based on revisions in guidelines received from authorities concerned from time to time.

**3. CAPITAL & FINANCE:**

There has been no change in the share capital of the Company during the said financial year. As on March 31, 2021, the total paid up equity share capital of the Company was ₹ 20,550 thousand consisting of 20,54,989 equity shares of ₹ 10/- each, fully paid up.

**4. CAPITAL EXPENDITURE:**

As at March 31, 2021 the gross fixed and intangible assets including leased assets, stood at ₹ 62,775 thousand and the net fixed and intangible assets, including leased assets, at ₹ 9,962 thousand. Addition to gross block during the year amounted to ₹ 5,117 thousand.

**5. DEPOSITS:**

The Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

**6. DEPOSITORY SYSTEM:**

The Ministry of Corporate Affairs requires certain companies to facilitate dematerialization of all its existing securities and has mandated that the stake of promoters, directors and key managerial personnel should be held in demat form. As on March 31, 2021, 100% of the Company's total paid up capital representing 20,54,989 shares are in dematerialized form. Further, the Ministry of Corporate Affairs has prohibited the physical transfer of securities. Hence, members holding shares in physical mode are advised to avail of the facility of dematerialization. The Company submits the report on reconciliation of share capital audit from Practicing Company Secretary within the prescribed timelines.

**7. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

The Company has disclosed the full particulars of the loans given, investments made or guarantees given or security provided as required under Section 186 of the Companies Act, 2013.

**8. PARTICULARS OF CONTRACT OR ARRANGEMENT WITH RELATED PARTIES:**

All the related party transactions were in the ordinary course of business and at arm's length. The Board has approved all the related party transactions for the FY 2020-21 as required under the provisions of Section 177 of the Companies Act, 2013.

There are no materially significant related party transactions that may have conflict with the interest of the Company.

**9. AMOUNT TO BE CARRIED TO RESERVE:**

The Company has not transferred any amount to reserves.

**10. DIVIDEND:**

The Board of Directors has not declared any dividend for the financial year under review.

**11. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:**

There are no material changes that have taken place in the Company between the date of Balance Sheet and the date of Board Report.

**12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:****(A) Conservation of energy**

The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity and is not included under the list of industries which should furnish information in Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014.

**(B) Technology absorption: Nil**

The Company being Technology driven, has always adopted the latest technology trends and best practice.

**(C) Foreign exchange earnings and outgo:**

The Company exports engineering and designing services mainly to North America, Europe and other countries.

The total foreign exchange earned and used for the period under review is as under:

Particulars	In ₹ Thousands
Foreign exchange earned	1,162,032
Foreign exchange used	986,216

**13. RISK MANAGEMENT POLICY:**

The Company has formulated a risk management policy and has in place a mechanism to inform the Board members about risk assessment and minimization initiatives undertaken. It also periodically reviews the risk to ensure that executive management controls risk by means of a properly designed framework.

**14. CORPORATE SOCIAL RESPONSIBILITY:**

The Corporate Social Responsibility (CSR) Committee comprises of 3 Non-Executive Directors. The current members of the CSR Committee are Mr. Rajeev Gupta, Mr. Emmanuel De Roquefeuil and Mr. Abhishek. Mr. Rajeev Gupta is the Chairman of the Committee.

The disclosures required to be given under Section 135 of the Companies Act, 2013 read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended) are given as Annexure A to this report.

The Finance Head of the Company has certified that CSR funds so disbursed for the projects have been utilized for the purposes and in the manner as approved by the Board.

**15. DETAILS OF DIRECTORS & KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:**

Mr. Emmanuel Marie Guy Bertrand De Roquefeuil, Mr. Indrajit Sen, Mr. Rajeev Gupta and Mr. Abhishek are the current Directors of the Company.

**A. Appointment/Re-appointment of Directors:**

During the year under review, Mr. Abhishek was appointed as a Director of the Company w.e.f. June 1, 2020 and Mr. Rajeev Gupta was appointed as a Director of the Company w.e.f. July 20, 2020.

**B. Resignation of Directors:**

During the year under review, Mr. Bhupendra Bhate ceased to be a Director of the Company w.e.f. June 1, 2020 and Mr. P. Ramakrishnan ceased to be a Director of the Company w.e.f. July 20, 2020.

The Board places on record its appreciation for the services rendered by Mr. Bhupendra Bhate and Mr. P. Ramakrishnan during their tenure of directorship.

The notice convening the Annual General Meeting includes the proposal for re-appointment of Directors who are liable to retire by rotation.

**16. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:**

The Meetings of the Board are held at regular intervals.

During the year under review 4 meetings were held on May 6, 2020, July 14, 2020, October 15, 2020 & January 19, 2021.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

**17. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:**

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2021, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

**18. DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors of the Company confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and profit of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

**19. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS:**

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

**20. PROTECTION OF WOMEN AT WORKPLACE:**

The holding company L&T Technology Services Limited has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. There were no cases of sexual harassment received in the Company during 2020-21.

**21. AUDITORS REPORT:**

The Auditors report to the shareholders does not contain any qualification, observation or comment or remark(s) which has/have an adverse effect on the functioning of the Company.

The Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

**22. AUDITORS:**

The Auditors, M/s Sharp & Tannan, were appointed as Statutory Auditors for a period of two continuous years from the conclusion of 14<sup>th</sup> AGM till the conclusion of 16<sup>th</sup> AGM.

The Auditors have also furnished a declaration confirming their independence as well as their arm's length relationship with the Company as well as declared that they have not taken up any prohibited non-audit assignments for the Company.

Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company and their appointment would be within the limits as prescribed under Section 141 of the Companies Act, 2013.

**23. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:**

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

**24. ACKNOWLEDGEMENT:**

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from every member of the L&T Thales Technology Services group globally.

For and on behalf of the Board

**Mr. Emmanuel De Roquefeuil**

*Director*

*(DIN: 07735597)*

*Place: Delhi*

*Date: April 30, 2021*

**Mr. Rajeev Gupta**

*Director*

*(DIN: 06782710)*

*Place: Mumbai*

*Date: April 30, 2021*

**LIST OF ANNEXURES:**

Annexure A – Annual Report on Corporate Social Responsibility (CSR) Activities

**ANNEXURE A****ANNUAL REPORT ON CSR ACTIVITIES****1. Brief outline on CSR policy of the Company:**

The Company is committed to discharging its Social Responsibility through:

- Partnership with communities in education and skill-building
- Innovation and Technology

Our 'CSR' approach is based on the dedicated involvement of our employees, who get as much value out of the initiatives, as the recipient. The focus areas for the Company are given below:

- Water Conservation & Purification
- Education and Skill building
- Health
- Environment
- Innovation and Technology

While the focus of CSR efforts will be in the areas mentioned above, the Company however may also undertake projects where societal needs are high or in special situations (such as in the case of natural disasters etc.).

**2. Composition of the CSR Committee:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Rajeev Gupta*	Chairman/Non-Executive Director	Nil	Nil
2	Mr. Emmanuel De Roquefeuil	Member/Non-Executive Director	Nil	Nil
3	Mr. Abhishek*	Member/Non-Executive Director	Nil	Nil

\*Appointed as a Chairman/Member of the Committee w.e.f July 19, 2020

- Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company- Not applicable
- Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report)- Not applicable
- Details of the amount available for set-off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any- Not applicable
- Average net profit of the Company as per section 135(5): ₹ 117,685 thousand
- (a) Two percent of average net profit of the Company as per section 135(5) – ₹ 2,354 thousand  
(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL  
(c) Amount required to be set off for the financial year, if any: NIL  
(d) Total CSR obligation for the financial year (7a+7b- 7c): ₹ 2,354 thousand
- (a) CSR amount spent for the Financial Year- ₹ 2,474 thousand  
(b) Details of CSR amount spent against ongoing projects for the financial year- Not Applicable  
(c) Details of CSR amount spent against other than ongoing projects for the financial year

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/ No).	(5) Location of the project.		(6) Amount spent for the project (in ₹).	(7) Mode of implementation - Direct (Yes/ No).	(8) Mode of implementation – Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.	Scholarship to students for Online B.Sc. degree at IIT Madras	(ii)	Yes	Tamilnadu	Chennai	₹ 2,400 thousand	Yes	Not Applicable	Not Applicable
2.	PM CARES Fund	(ix)	No	Delhi	Delhi	₹ 74 thousand	Yes	Not Applicable	Not Applicable
	<b>TOTAL</b>					<b>₹ 2,474 thousand</b>			

- (d) Amount spent in Administrative Overheads: NIL
- (e) Amount spent on Impact Assessment, if applicable: NIL
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 2,474 thousand
- (g) Excess amount for set-off, if any

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	2,354 thousand
(ii)	Total amount spent for the Financial Year	2,474 thousand
(iii)	Excess amount spent for the financial year [(ii)-(i)]	120 thousand
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	120 thousand

9. (a) Details of Unspent CSR amount for the preceding three financial years- NIL
- (b) Details of CSR amount spent in the Financial year for ongoing projects of the preceding financial year(s)- NIL
10. There is no case of creation or acquisition of capital asset created or acquired through CSR spent in the financial year.
11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5) - Not applicable

Mr. Emmanuel De Roquefeuil  
Director

Mr. Rajeev Gupta  
Chairman – CSR Committee

## **INDEPENDENT AUDITOR'S REPORT**

To the members of  
**L&T Thales Technology Services Private Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the accompanying financial statements of **L&T Thales Technology Services Private Limited** ('the Company'), which comprise the balance sheet as at 31 March 2021, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### **Basis for opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ('the Act'). Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Information other than the financial statements and auditor's report thereon**

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the board's report including annexures thereto, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Management's responsibility for the financial statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in the aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### Report on other legal and regulatory requirements

- 1 As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the central government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 As required by section 143(3) of the Act, based on our audit we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The balance sheet, the statement of profit and loss (including other comprehensive income), statement of changes in equity and the statement of cash flow dealt with by this report are in agreement with the relevant books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
  - (g) With respect to the matters to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act (as amended), we report that according to the information and explanation given to us and based on our examination of the records of the Company, the Company has not paid/ provided for any remuneration to the directors of the Company during the year; and
  - (h) With respect to the other matters to be included in the auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i The Company has disclosed the impact of pending litigations on its financial position in its financial statements – refer note 39 to the financial statements;
    - ii the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – refer note 37 to the financial statements; and
    - iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company– refer note 38 to the financial statements.

For **Sharp & Tannan**  
Chartered Accountants  
Firm's registration no. 109982W

**Firdosh D. Buchia**  
Partner  
Membership no. 038332  
UDIN: 21038332AAAALU4996

Mumbai, 30 April 2021

## **ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1 of '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 program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the program, certain fixed assets were physically verified during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification; and
- (c) The Company does not hold any immovable properties. Accordingly, paragraph 3(i) (c) of the Order is not applicable to the Company.
- (ii) The Company does not hold any physical inventories. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion, and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of sections 185 and 186 of the Companies Act 2013 are applicable. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- (v) In our opinion, and according to information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employee's state insurance, income tax, goods and service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of duty of customs.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, goods and service tax, cess and other material statutory and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and on the basis of our examination of records of the Company, the particulars of income tax, value added tax, sales tax, service tax, goods & service tax, duty of excise and duty of custom which have not been deposited with the appropriate authorities on account of any dispute as at 31 March 2021 is nil.
- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) 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 year.
- (xi) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not paid any managerial remuneration during the year. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him and hence provisions of section 192 of the Act are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Sharp & Tannan**  
Chartered Accountants

Firm's registration no.109982W

**Firdosh D. Buchia**

Partner

Membership no. 038332

UDIN: 21038332AAAALU4996

Mumbai, 30 April 2021

## **ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2(f) of our report of even date)

### **Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ('the Act')**

We have audited the internal financial controls over financial reporting of **L&T Thales Technology Services Private Limited** ('the Company') as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's responsibility for internal financial controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the ICAI. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of internal financial controls over financial reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures

that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent limitations of internal financial controls over financial reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the ICAI.

For **Sharp & Tannan**  
Chartered Accountants  
Firm's registration no. 109982W

**Firdosh D. Buchia**  
Partner  
Membership no. 038332  
UDIN: 21038332AAAALU4996

Mumbai, 30 April 2021

**BALANCE SHEET AS AT MARCH 31, 2021**

Particulars	Note No.	₹ thousands	
		As at 31-03-2021	As at 31-03-2020
<b>ASSETS:</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	4	9,339	10,693
(b) Other intangible assets	5	623	949
(c) Financial assets	6	3,450	3,325
(d) Deferred tax assets (net)	7	17,139	22,908
(e) Other non current assets	8	9,321	9,639
<b>Total non-current assets</b>		<b>39,872</b>	<b>47,514</b>
<b>II. Current assets</b>			
(a) Financial assets			
(i) Investments	9	145,917	32,604
(ii) Trade receivables	10	202,492	418,659
(iii) Cash and cash equivalents	11	842	23,007
(v) Other financial assets	12	9,575	37,284
(b) Other current assets	13	169,663	436,984
<b>Total current assets</b>		<b>528,489</b>	<b>948,538</b>
<b>TOTAL ASSETS</b>		<b>568,361</b>	<b>996,052</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I. Equity</b>			
(a) Equity share capital	14	20,550	20,550
(b) Other equity		358,035	233,050
<b>Total equity</b>		<b>378,585</b>	<b>253,600</b>
<b>II. Liabilities</b>			
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Short-term borrowings	15	–	90,000
(ii) Trade payables	16	105,586	551,430
(iii) Other financial liabilities	17	6,255	13,098
(b) Other current liabilities	18	56,239	48,078
(c) Provisions	19	8,474	12,122
(d) Current tax liabilities (net)		13,222	27,724
<b>Total current liabilities</b>		<b>189,776</b>	<b>742,452</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>568,361</b>	<b>996,052</b>
Notes forming part of the financial statements	1-40		

As per our report attached

**SHARP & TANNAN**

Chartered Accountants  
Firm's registration No. 109982W  
by the hand of

**FIRDOSH D. BUCHIA**

Partner  
Membership no. 38332

Place: Mumbai  
Date: April 30, 2021

For and on behalf of the Board of Directors of  
L&T Thales Technology Services Private Limited

**RAJEEV GUPTA**

Director  
DIN : 06782710

Place: Mumbai  
Date: April 30, 2021

**EMMANUEL DE ROQUEFEUIL**

Director  
DIN : 07735597

Place: Delhi  
Date: April 30, 2021

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021**

Particulars	Note No.	₹ thousands	
		Year Ended 31-03-2021	Year ended 31-03-2020
I. Revenue from operations	20	849,339	1,428,035
II. Other income	21	599	(3,859)
III. <b>TOTAL REVENUE</b>		<b>849,938</b>	<b>1,424,176</b>
IV. <b>Expenses:</b>			
(a) Employee benefit expenses	22	207,478	344,567
(b) Depreciation and amortisation expenses		5,794	6,077
(c) Other expenses	23	465,491	857,892
(d) Finance costs	24	301	7,901
<b>TOTAL EXPENSES</b>		<b>679,064</b>	<b>1,216,436</b>
V. <b>PROFIT BEFORE TAX (III - IV)</b>		<b>170,874</b>	<b>207,739</b>
VI. <b>Tax expense :</b>			
(a) Current tax		40,286	63,587
(b) Deferred tax		5,769	(2,261)
<b>TOTAL TAX EXPENSE</b>	25	<b>46,055</b>	<b>61,326</b>
VII. <b>PROFIT FOR THE YEAR (V - VI)</b>		<b>124,819</b>	<b>146,413</b>
VIII. <b>Other comprehensive income, net of taxes</b>			
(A) <b>Items that will not be reclassified to the statement of profit and loss</b>			
Remeasurement of the defined benefit plans		229	1,517
Income tax on items that will not be reclassified to the statement of profit and loss		(63)	(451)
IX. <b>TOTAL COMPREHENSIVE INCOME, NET OF TAXES</b>		<b>124,985</b>	<b>147,479</b>
X. <b>EARNING PER EQUITY SHARE</b>	26		
Basic - Rupee		60.74	71.25
Diluted - Rupee		60.74	71.25
Face value per equity share		10.00	10.00
XI. <b>Notes forming part of the financial statements</b>	1-40		

As per our report attached

**SHARP & TANNAN**

Chartered Accountants  
Firm's registration No. 109982W  
by the hand of

**FIRDOSH D. BUCHIA**

Partner  
Membership no. 38332

Place: Mumbai  
Date: April 30, 2021

For and on behalf of the Board of Directors of  
L&T Thales Technology Services Private Limited

**RAJEEV GUPTA**

Director  
DIN : 06782710

Place: Mumbai  
Date: April 30, 2021

**EMMANUEL DE ROQUEFEUIL**

Director  
DIN : 07735597

Place: Delhi  
Date: April 30, 2021

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021**

	Year Ended 31-03-2021	₹ thousands Year ended 31-03-2020
<b>A. Cash flow from operating activities:</b>		
Profit before tax	170,874	207,739
<b>Adjustments for:</b>		
Depreciation and amortisation	5,794	6,077
Interest received	(126)	(125)
Interest paid	301	7,901
(Profit)/Loss on sale of fixed assets	-	16
Dividends received from current investments	(2,480)	(2,027)
Unrealized exchange (gain)/loss	(24,813)	16,218
<b>Operating profit before working capital changes</b>	<b>149,550</b>	<b>235,799</b>
<b>Changes in working capital</b>		
(Increase)/decrease in trade receivables	206,593	(94,671)
(Increase)/decrease in other receivables	294,979	(83,331)
Increase/(decrease) in trade & other payables	(413,621)	(21,692)
(Increase)/decrease in working capital	87,952	(199,694)
<b>Cash generated from operations</b>	<b>237,502</b>	<b>36,105</b>
Direct taxes paid	(54,418)	(42,763)
<b>Net cash used in / from operating activities</b>	<b>183,084</b>	<b>(6,658)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of Property, Plant, Equipment	(5,117)	(4,285)
Sale of Property, Plant, Equipment	1,003	720
(Purchase)/ sale of current investments (net)	(112,414)	38,467
Dividends received from current investments	1,580	2,027
Interest received	-	-
<b>Net cash used in / from investing activities</b>	<b>(114,948)</b>	<b>36,929</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from/(repayment of) borrowings (net)	(90,000)	-
Interest paid	(301)	(7,901)
<b>Net cash used in / from financing activities</b>	<b>(90,301)</b>	<b>(7,901)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(22,165)</b>	<b>22,370</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>26,128</b>	<b>3,758</b>
<b>Cash and cash equivalents at end of year</b>	<b>3,963</b>	<b>26,128</b>
<b>Notes:</b>		
1 Cash flow has been prepared under the indirect method as set out in the Ind AS - 7		
2 Cash and cash equivalents included in Cash Flow Statement comprise the following :		
	<b>As at 31-03-2021</b>	<b>As at 31-03-2020</b>
Cash and cash equivalents disclosed under current assets	842	23,007
Add: Other bank balances disclosed under non-current assets	3,450	3,325
Less: Non-cash item disclosed under non-current assets	(329)	(204)
	<b>3,963</b>	<b>26,128</b>
<b>Notes forming part of the financial statements</b>	<b>1-40</b>	

As per our report attached

**SHARP & TANNAN**  
Chartered Accountants  
Firm's registration No. 109982W  
by the hand of

**FIRDOSH D. BUCHIA**  
Partner  
Membership no. 38332

Place: Mumbai  
Date: April 30, 2021

For and on behalf of the Board of Directors of  
L&T Thales Technology Services Private Limited

**RAJEEV GUPTA**  
Director  
DIN : 06782710

Place: Mumbai  
Date: April 30, 2021

**EMMANUEL DE ROQUEFEUIL**  
Director  
DIN : 07735597

Place: Delhi  
Date: April 30, 2021

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021****A. EQUITY SHARE CAPITAL**

Particulars	2020-21		2019-20	
	Number of shares	₹ thousands	Number of shares	₹ thousands
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	20,54,989	20,550	20,54,989	20,550
Add/(Less): Shares issued on exercise of employee stock options during the year	-	-	-	-
Add/(Less): Reorganization of share capital, reduction of face value	-	-	-	-
Add/(Less): Fresh issue of equity shares	-	-	-	-
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	20,54,989	20,550	20,54,989	20,550

**B. OTHER EQUITY**

₹ thousands

Particulars	Other Equity			Total equity attributable to equity holders of the Company
	Reserves & Surplus		Other comprehensive income	
	Securities premium reserve	Retained earnings	Other items of other comprehensive income	
<b>Balance as at 01-04-2019</b>	72,751	9,178	3,642	85,572
Profit for the year	-	146,413	-	146,413
Other comprehensive income	-	-	1,066	1,066
<b>Balance as at 31-03-2020</b>	<b>72,751</b>	<b>155,591</b>	<b>4,708</b>	<b>233,050</b>
<b>Balance as at 01-04-2020</b>	<b>72,751</b>	<b>155,591</b>	<b>4,708</b>	<b>233,050</b>
Profit for the year	-	124,819	-	124,819
Other comprehensive income	-	-	166	166
<b>Balance as at 31-03-2021</b>	<b>72,751</b>	<b>280,410</b>	<b>4,874</b>	<b>358,035</b>

As per our report attached

**SHARP & TANNAN**  
Chartered Accountants  
Firm's registration No. 109982W  
by the hand of

**FIRDOSH D. BUCHIA**  
Partner  
Membership no. 38332

Place: Mumbai  
Date: April 30, 2021

For and on behalf of the Board of Directors of  
L&T Thales Technology Services Private Limited

**RAJEEV GUPTA**  
Director  
DIN : 06782710

Place: Mumbai  
Date: April 30, 2021

**EMMANUEL DE ROQUEFEUIL**  
Director  
DIN : 07735597

Place: Delhi  
Date: April 30, 2021

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

L&T Thales Technology Services Private Limited is a private company incorporated and domiciled in India and has its registered office at RRV Tower, 7th floor – 33 A Developed Plots, SIDCO Industrial Estate, Guindy, Chennai – 600 032. As at March 31, 2021, L&T Technology Services Limited, the holding company owns 74% of the Company's equity share capital.

The Company is engaged in the business of software development mainly for flight management systems (FMS), cockpit display systems (CKT), air traffic management systems (ATM), global navigation satellite systems (GNSS) and in-flight entertainment systems (IFE).

The financial statements of the Company for the year ended March 31, 2021 were approved for issue by the Board of Directors on April 30, 2021.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### a) Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI) and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 issued by Ministry of Corporate Affairs in respect of sections 133 read with sub-section (1) of Section 210A of the Companies Act, 1956 (1 of 1956). In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment.

#### b) Basis of accounting

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting year, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard required a change in the accounting policy hitherto in use.

#### c) Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

#### d) Presentation of financial statements

The balance sheet and the statement of profit and loss are prepared in the format prescribed in the schedule III to the Companies Act, 2013 ("the Act"). The cash flow statement has been prepared and presented as per the requirements of Ind AS 7 "Cash Flow Statements". The disclosure requirements with respect to items in balance sheet and statement of profit and loss, as prescribed in the schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Ind AS.

#### e) Revenue recognition

##### (i) Revenue from operations

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Group/Company expects to receive in exchange for those services:

- a. Revenue from contracts which are on time and material basis are recognized when services are rendered, and related costs are incurred.
- b. Revenue from fixed-price contracts where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity.
- c. Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenue).
- d. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company presents revenue net of discounts, collection charges, indirect taxes and value-added taxes in its statement of profit and loss.

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 customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date as per contract.

##### (ii) Other income

- A. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.
- B. Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)****f) Employee benefits****i. Short term employee benefits**

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, and short term compensated absences and performance incentives are recognized in the period in which the employee renders the related service.

**ii. Post-employment benefits****a) Defined contribution plan**

Retirement benefits in the form of provident fund are a defined contribution scheme and the contributions are charged to the statement of profit and loss of the period when the contributions to the respective funds are made. There are no other obligations other than the contribution payable to the respective trusts.

**b) Defined benefit plans**

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation made as at the balance sheet date.

**iii. Long term employee benefits**

The obligation for long term employee benefits like long term compensation absences is recognized in the similar manner as in the case of defined benefit plans as mentioned in (ii) (b) above.

**g) Property, plant and equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any. Depreciation is provided for property, plant and equipment on straight line basis so as to expense the cost over their estimated useful lives based on evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting year, with the effect of any changes in estimate accounted for on a prospective basis.

(i) The estimated useful lives are as mentioned below:

Asset class	Useful life (years)
Computers	3
Office equipment	3
Furniture and fixtures	5
Owned vehicles	7
Lab Equipment	8

Based on technical evaluation, management believes that the useful lives as given above best represents the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of schedule II of the Act.

(ii) Estimated useful life of following assets is different than useful life as prescribed under Part C of schedule II of the Companies Act, 2013.

Category of asset	Useful life as per schedule II (in years)	Useful life adopted (in years)
Computers	3 – 6	3
Office equipment	5	3
Furniture and fixtures	10	5
Owned vehicles	6	7

**h) Intangible assets and amortisation**

Intangible assets purchased are measured at cost or fair value as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Asset class	Useful life (years)
Computer software	3

**i) Financial instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

**Non-derivative financial assets****Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are represented by trade receivables, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

### **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 model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

### **Financial assets at fair value through profit or 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 and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

### **Non-derivative financial liabilities**

Financial liabilities are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within 1 year from balance sheet date, the carrying amount approximate fair value due to short maturity of these instruments.

## **j) Leases**

### **Operating leases**

Assets acquired on leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on accrual basis.

The Ministry of Corporate Affairs notified Ind AS 116 "Leases" in respect of accounting periods commencing on or after April 1, 2019 superseding Ind AS 17 "Leases". the impact of such implementation on the financial results of the company is insignificant.

## **k) Impairment of assets**

### **a) Trade receivables**

The company assesses at each date of statement of financial position whether a financial assets or group of financial assets is impaired. In accordance with IndAS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. As a practical expedient, the company uses a provision matrix to determine impairment loss on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivables. ECL impairment loss allowances (or reversal) recognized during the period is recognized as an expense/income respectively in the statement of profit and loss. Provision for ECL is presented as deduction from carrying amount of trade receivables.

### **b) Non-financial assets**

#### **Tangible and intangible assets**

Property, plant and equipment and intangible assets (other than goodwill) are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss

## **l) Foreign currencies**

The functional currency of the Company is the Indian rupee (₹).

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

## **m) Income-tax**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

### **Current income taxes**

The current income tax expense includes income taxes payable by the Company.

Provision for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intend to settle the asset and liability on a net basis.

### **Deferred income taxes**

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

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

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

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

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Company recognises interest levied related to income tax assessments in interest expenses.

### **n) Provisions, contingent liabilities and contingent assets**

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a) The Company has a present obligation as a result of a past event;
- b) A probable outflow of resources is expected to settle the obligation; and
- c) The amount of the obligation can be reliably estimated

Contingent liability is disclosed in the case of

- a) A present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or
- b) A possible obligation unless the probability of outflow of resources is remote

Contingent assets are neither recognized nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

### **o) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### **p) Earnings per equity share**

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average numbers of the equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### **q) Operating cycle for current and non-current classification**

Operating cycle for the business activities of the company covers the duration of the project/contract/service and extends up to the realisation of receivables within the credit period normally applicable to the respective lines of business.

### **r) Borrowing Costs**

Borrowing costs include interest expense, bill discounting charges and exchange differences arising on foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

### **3. RECENT ACCOUNTING PRONOUNCEMENTS:**

On March 24, 2021, the Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The Company is evaluating the effect of the amendments on its financial statements.

**NOTES FORMING PART OF ACCOUNTS****4 PROPERTY, PLANT AND EQUIPMENT**

₹ in thousands

Particulars	Computers & Servers	Office equipments	Furniture and fixtures	Cars	Lab Equipments	Total
Gross carrying value as on 01-04-2020	27,093	2,698	1,023	826	1,874	33,514
Additions during the period	1,702	495	64	1,109	1,748	5,117
Deductions during the period	–	–	–	1,109	–	1,109
Gross carrying value as on 31-03-2021	28,795	3,193	1,087	826	3,622	37,522
Depreciation						
Depreciation as on 01-04-2020	20,198	1,969	279	136	240	22,821
For the Year	4,271	442	154	224	378	5,469
On Deductions	–	–	–	106	–	106
Depreciation as on 31-03-2021	24,469	2,411	433	254	618	28,184
Net Carrying value as on 31-03-2021	<b>4,326</b>	<b>782</b>	<b>654</b>	<b>573</b>	<b>3,004</b>	<b>9,339</b>
Net Carrying value as on 31-03-2020	6,895	729	744	691	1,634	10,693

**5 OTHER INTANGIBLE ASSETS**

₹ in thousands

Particulars	Specialized Software	Total
Gross carrying value as on 01-04-2020	25,253	25,253
Additions during the period	–	–
Deductions during the period	–	–
Balance as on 31-03-2021	25,253	25,253
Amortisation		
Amortisation as on 01-04-2020	24,305	24,305
For the Year	325	325
On Deductions	–	–
Amortisation as on 31-03-2021	24,630	24,630
Net carrying value as on 31-03-2021	<b>623</b>	<b>623</b>
Net carrying value as on 31-03-2020	949	949

**6 OTHER FINANCIAL ASSETS****Non-current**

Fixed deposits\*

	As at 31-03-2021	As at 31-03-2020
	<b>3,450</b>	3,325
	<b>3,450</b>	3,325

\* Fixed deposits are margin money deposits against bank guarantees

**7 DEFERRED TAX ASSETS (NET)**

₹ in thousands

Description	DTL/(DTA) As at 01-04-2020	Charge/(credit) to P&L	DTL/(DTA) As at 31-03-2021
Property, plant and equipment and other intangible assets	(1,734)	178	<b>(1,556)</b>
Provision for statutory liabilities	(13,240)	5,104	<b>(8,136)</b>
Unpaid statutory liabilities & provision for Compensatory absences	(4,892)	1,148	<b>(3,744)</b>
Others	(3,042)	(661)	<b>(3,703)</b>
<b>Total</b>	<b>(22,908)</b>	<b>5,769</b>	<b>(17,139)</b>

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

		₹ in thousands	
		As at 31-03-2021	As at 31-03-2020
<b>8</b>	<b>OTHER NON CURRENT ASSETS</b>		
	Prepaid expenses	51	—
	Income tax receivable (net)	9,270	9,639
		<b>9,321</b>	<b>9,639</b>
			₹ in thousands
		As at 31-03-2021	As at 31-03-2020
		Units	Amount
<b>9</b>	<b>INVESTMENTS</b>		
	Current investment		
	Investment in mutual funds		
	Quoted		
	L&T Liquid Fund - Regular - Daily Dividend Reinvestment	51,763	145,917
		32,160	32,604
		<b>51,763</b>	<b>145,917</b>
	<b>Aggregate amount of quoted current investments and market value thereof:</b>		
	Aggregate amount of quoted investment at cost		145,480
	Aggregate amount of quoted investment at Market value		32,577
			<b>145,917</b>
			<b>32,604</b>
			₹ in thousands
		As at 31-03-2021	As at 31-03-2020
<b>10</b>	<b>TRADE RECEIVABLES</b>		
	<b>Current</b>		
	Unsecured, Considered good	214,621	425,947
	Less: Allowance for doubtful debt	(12,129)	(7,288)
		<b>202,492</b>	<b>418,659</b>
<b>11</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Balances with banks	842	23,007
		<b>842</b>	<b>23,007</b>
<b>12</b>	<b>OTHER FINANCIAL ASSETS</b>		
	Unbilled revenue	2,767	21,218
	Less: ECL on unbilled revenue	(66)	(351)
		<b>2,701</b>	<b>20,867</b>
	Advances to employees	15	138
	Loans and advances to related parties	—	5,046
	Security deposits	6,859	11,233
		<b>9,575</b>	<b>37,284</b>
<b>13</b>	<b>OTHER CURRENT ASSETS</b>		
	Unbilled revenue	72,949	168,802
	Less: ECL on unbilled revenue	(1,738)	(2,792)
		<b>71,211</b>	<b>166,010</b>
	Advance to supplier	—	1,109
	Prepaid expenses	870	1,025
	GST receivable	68,530	125,800
	GST / Service tax recoverable (net of provision)	29,052	140,797
	Other receivables	—	2,242
		<b>98,452</b>	<b>270,974</b>
		<b>169,663</b>	<b>436,984</b>

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

	₹ in thousands	
	As at 31-03-2021	As at 31-03-2020
<b>14 SHARE CAPITAL</b>		
<b>14.1 Authorised :</b>		
2,500,000 Equity shares of ₹ 10 each	25,000	25,000
(31 March 2021 : 2,500,000 Equity shares of ₹ 10 each)		
(01 April 2020 : 2,500,000 Equity shares of ₹ 10 each)		
	<u>25,000</u>	<u>25,000</u>
<b>14.2 Issued, subscribed and paid up</b>		
2,054,989 Equity shares of ₹ 10 each	20,550	20,550
(31 March 2021 : 20,54,989 Equity shares of ₹ 10 each)		
(01 April 2020 : 20,54,989 Equity shares of ₹ 10 each)		
<b>Total issued, subscribed and paid up capital</b>	<u>20,550</u>	<u>20,550</u>
<b>14.3 In the period of five years immediately preceding March 31,2021:</b>		
Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash - Nil		
Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil		
Aggregate number and class of shares bought back - Nil		
<b>14.4 Terms/rights attached to equity shares</b>		
The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.		
<b>14.5 Shares of the company held by holding company</b>		
	<b>As at 31-03-2021</b>	<b>As at 31-03-2020</b>
	<b>No. of shares</b>	<b>No. of shares</b>
	<b>% Holding</b>	<b>% Holding</b>
<b>Equity shares</b>		
L&T Technology Services Limited	1,520,692	1,520,692
	74%	74%
	<u>1,520,692</u>	<u>1,520,692</u>
<b>14.6 Shareholders holding more than 5% of equity shares as at the end of the year</b>		
	<b>As at 31-03-2021</b>	<b>As at 31-03-2020</b>
	<b>No. of shares</b>	<b>No. of shares</b>
	<b>% Holding</b>	<b>% Holding</b>
<b>Equity shares</b>		
L&T Technology Services Limited	1,520,692	1,520,692
Thales Services SAS, France	534,297	534,297
	<u>2,054,989</u>	<u>2,054,989</u>
		₹ in thousands
	As at 31-03-2021	As at 31-03-2020
<b>15 SHORT-TERM BORROWINGS</b>		
Unsecured:		
ICB from Parent Company	-	90,000
	-	90,000
	<u>-</u>	<u>90,000</u>
<b>16 TRADE PAYABLES</b>		
Due to Related Parties	76,719	527,716
Micro and small enterprises	47	425
Due to Others:		
Liability for revenue goods/services	28,258	20,797
Supplier ledger - Revenue goods/Services	562	2,492
	<u>105,586</u>	<u>551,430</u>

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

	<b>As at 31-03-2021</b>	<b>₹ in thousands As at 31-03-2020</b>
<b>17 OTHER FINANCIAL LIABILITIES</b>		
Due to Others :		
Other payables	43	1,718
Liability towards employee compensation	6,212	11,380
	<b>6,255</b>	<b>13,098</b>
<b>18 OTHER CURRENT LIABILITIES</b>		
Unearned Revenue	36,802	34,441
Other payables	19,289	13,060
Liability - employee car/computer schemes	148	577
	<b>56,239</b>	<b>48,078</b>
<b>19 PROVISIONS</b>		
Provisions for employee benefits :		
Leave encashment	8,474	12,122
	<b>8,474</b>	<b>12,122</b>
		<b>₹ in thousands</b>
	<b>Year ended 31-03-2021</b>	<b>Year ended 31-03-2020</b>
<b>20 REVENUE FROM OPERATIONS</b>		
Engineering and technology services	849,339	1,428,035
	<b>849,339</b>	<b>1,428,035</b>
<b>21 OTHER INCOME</b>		
Foreign exchange gain / (loss)	(2,309)	(6,533)
Profit/(loss) on sales of fixed asset	-	(16)
Dividend income and gain / (loss) from mutual fund	2,480	2,027
Bank interest received	126	125
Miscellaneous income	302	538
	<b>599</b>	<b>(3,859)</b>
<b>22 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries including overseas staff expenses	200,706	334,394
Staff welfare	591	2,653
Contribution to provident and other funds	4,587	5,485
Provision for Gratuity	1,594	2,035
	<b>207,478</b>	<b>344,567</b>

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

	₹ in thousands	
	Year ended 31-03-2021	Year ended 31-03-2020
<b>23 OTHER OPERATING EXPENSES</b>		
Subcontracting and component charges	432,114	692,224
Engineering, professional, technical and consultancy fees	23	-
Cost of computer software	764	663
Travelling and conveyance	5,346	23,206
Rent and establishment expenses	9,768	10,305
Telephone, postage and other communication charges	2,204	4,645
Legal and professional charges	3,310	48,528
Repairs to buildings & machineries	4,519	5,154
Power and fuel	2,556	3,570
Equipment hire charges	284	200
Insurance charges	-	20
Rates & taxes <sup>(1)</sup>	(11,722)	45,904
Allowances for doubtful debts on trade receivable	4,841	564
ECL on unbilled revenue	(1,339)	2,191
Overheads charged by group companies	8,914	16,875
Corporate social responsibility expenditure	2,474	1,000
Miscellaneous expenses	1,435	2,842
	<b>465,491</b>	<b>857,892</b>
	<b>465,491</b>	<b>857,892</b>
<sup>(1)</sup> Includes ₹ 21,567 thousands of reversal of Service tax expense provision no longer required		
<b>24 FINANCE COST</b>		
Interest paid		
Interest paid/payable - others	301	7,901
	<b>301</b>	<b>7,901</b>
	<b>301</b>	<b>7,901</b>
<b>25 PROVISION FOR TAXATION</b>		
Current tax	40,286	63,587
Deferred tax	5,769	(2,261)
	<b>46,055</b>	<b>61,326</b>
	<b>46,055</b>	<b>61,326</b>
<b>26 BASIC AND DILUTED EARNING PER EQUITY SHARE (EPS)</b>		
<b>Basic and diluted EPS</b>		
Profit after tax	124,819	146,413
Less: Dividend on preference shares	-	-
Less: Tax on dividend	-	-
Profit attributable to equity shareholders	124,819	146,413
Weighted average no. of equity shares outstanding	2,054,989	2,054,989
Basic EPS - Rupees	60.74	71.25
<b>Diluted</b>		
Profit after tax	124,819	146,413
Less: Dividend on preference shares	-	-
Less: Tax on dividend	-	-
Profit attributable to equity shareholders	124,819	146,413
Weighted average no. of equity shares outstanding	2,054,989	2,054,989
Add - No. of potential equity shares	-	-
Weighted average no. of equity shares outstanding	2,054,989	2,054,989
Diluted EPS - Rupees	60.74	71.25

**NOTES FORMING PART OF ACCOUNTS (Contd.)****27 DISCLOSURE PURSUANT TO IND AS 115 “REVENUE FROM CONTRACT WITH CUSTOMERS”:****a) Disaggregation of revenue**

The nature of contract impacts the method of revenue recognition and the contracts are classified as fixed-price contracts and time & material contracts.

## i) Revenue by contract type

(₹ in thousands)

Particulars	For year ended March 31, 2021
Fixed price contracts	713,850
Time and materials contracts	135,489
Total	849,339

ii) Refer Note 35 for disaggregation of revenue by geographical segments.

iii) The Company believes that this disaggregation best depicts how the nature, amount, timing of our revenues and cash flows are affected by industry, market and other economic factors.

**b) Transaction price allocated to remaining performance obligation**

i) The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2021, other than those meeting the exclusion criteria mentioned below in (ii), is ₹ 2,35,898 thousands. Out of this, the company expects to recognize revenue of around 100% within the next one year. Remaining performance obligation estimates are subject to change and are affected by several factors, including changes in the scope of contracts, periodic revaluations, and adjustments for currency.

ii) The Company has applied practical expedient and has not disclosed information about remaining performance obligations in contracts where the entity has the right to consideration that corresponds directly with the value of entity's performance completed to date, typically those contracts where invoicing is on time and material basis.

**c) Movement in contract balances**

i) The company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for time and material jobs where right to consideration is unconditional upon passage of time. Unbilled revenue for fixed price contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

ii) Movement in contract asset and contract liability

(₹ in thousands)

Particulars	For year ended March 31, 2021	
	Unbilled revenue	Advance from customer
Balance as of April 1, 2020	186,878	34,441
Revenue recognised during period	24,821	-34,441
invoiced during period	-1,39,125	36,802
ECL movement	1,339	-
Balance as of March 31, 2021	73,913	36,802

₹ in thousands

Year ended 31-03-2021	Year ended 31-03-2020
--------------------------	--------------------------

**28 DETAILS OF PAYMENT TO AUDITORS****Payment to auditors****As auditor:**

Audit fee	587	484
Tax Audit Fees	133	121
Other taxation matters	-	9
Other services :	-	-
- Other services including certification work	81	182
	<u>801</u>	<u>796</u>

**NOTES FORMING PART OF ACCOUNTS (Contd.)****29 FAIR VALUE MEASUREMENTS**  
**Financial instrument by category**

(₹ in thousands)

	As at 31-03-2021			As at 31-03-2020		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
<b>Financial assets</b>						
Investments						
- Equity investment						
- Mutual funds	145,917	-	-	32,604	-	-
- Bank fixed deposits			3,450			3,325
Trade receivables			202,492			418,659
Cash and cash equivalents			842			23,007
Other bank balances						
Security deposits			6,859			11,233
Loans - related parties						5,046
Advances - to employees			15			137
Other receivables			2,701			20,867
<b>Total financial assets</b>	<b>145,917</b>	<b>-</b>	<b>216,359</b>	<b>32,604</b>	<b>-</b>	<b>482,275</b>
<b>Financial liabilities</b>						
Borrowings						90,000
Trade payables			105,586			551,430
Other payables			43			1,718
Liability towards employee compensation			6,212			11,380
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>111,841</b>	<b>-</b>	<b>-</b>	<b>654,528</b>

**(i) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

₹ in thousands

	As at 31-03-2021				As at 31-03-2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets and liabilities measured at fair value - recurring fair value measurements</b>								
<b>Financial assets</b>								
Mutual funds	145,917	-	-	145,917	32,604	-	-	32,604
<b>Total financial assets</b>	<b>145,917</b>	<b>-</b>	<b>-</b>	<b>145,917</b>	<b>32,604</b>	<b>-</b>	<b>-</b>	<b>32,604</b>

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There are no transfers between the levels during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**(ii) Valuation technique used to determine fair value**

Specific valuation technique used to value financial instruments include :

- \* the use of quoted market prices or dealer quotes for similar instruments
- \* the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.
- \* the fair value of remaining financial instrument is determined using discounted cash flow analysis.

**(iii) Valuation processes**

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The fair valuation of level 1 and level 2 classified assets and liabilities are readily available from the quoted prices in the open market and rates available in secondary market respectively. The valuation method applied for various financial assets and liabilities are as follows -

- \* Quoted price in the primary market (NAV) considered for the fair valuation of the current investment i.e Mutual fund. Gain/(loss) on fair valuation is recognised in Profit and Loss.

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

- \* The carrying amounts of trade receivable, trade payable, cash and bank balances, short term loans and advances, statutory dues/receivable, short term borrowing, employee dues are considered to be the same as their fair value due to their short-term nature.
- \* The fair value of security deposit is calculated by discounting future cash inflows.

**30 FINANCIAL RISK MANAGEMENT****Financial risk factors**

The Company is exposed to currency risk, credit/counter-party risk and liquidity risk.

**Currency risk**

The Company derives a substantial part of its revenues in foreign currency and also has significant subcontracting expenses in foreign currency on back to back basis. As a result, the Company has natural hedge for part of foreign currency exposure. The Company reviews the foreign currency exposure at regular intervals.

**Credit/Counter-party risk**

The principal credit risk that the Company is exposed to is non-collection of trade receivables and late collection of receivables leading to credit loss. The risk is mitigated by reviewing creditworthiness of the prospective customers prior to entering into contract and post contracting, through continuous monitoring of collections by a dedicated team.

The Company reviews trade receivables on periodic basis and makes provision for doubtful debts if collection is doubtful. The Company also calculates the expected credit loss (ECL) for non collection and for delay in collection of receivables. The Company makes additional provision if the ECL amount is higher than the provision made for doubtful debts. In case the ECL amount is lower than the provision made for doubtful debts, the Company retains the provision made for doubtful debts without any adjustment.

The provision for doubtful debts including ECL allowances for non-collection of receivables and delay in collection, on a combined basis, was Rupees 12,129 thousand as at March 31 2021 and Rupees 7,288 thousand as at March 31 2019. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows:

	2020-21	2019-20
Opening balance of allowances for doubtful accounts	7,288	6,724
Allowances recognized (reversed)	4,841	564
<b>Closing balance of allowances for doubtful accounts</b>	<b>12,129</b>	<b>7,288</b>

The percentage of revenue from its top five customers is 94% for 2020-21 (95% for 2019-20).

**Liquidity risk**

The Company's treasury department monitors the cash flows and surplus funds are invested in non-speculative financial instruments that are usually highly liquid funds.

The Company has Nil borrowings as at March 31, 2021.

The contractual maturities of financial assets and financial liabilities as at March 31, 2021 is as follows:

	Less than 1 year	More than 1 year	Total
<b>Financial Assets</b>			
Investments	145,917	-	145,917
Trade receivables	202,492	-	202,492
Other financial assets	9,575	-	9,575
<b>Total</b>	<b>357,984</b>	<b>-</b>	<b>357,984</b>
<b>Financial Liabilities</b>			
Borrowings	-	-	-
Trade payables	105,586	-	105,586
Other financial liabilities	6,255	-	6,255
<b>Total</b>	<b>111,841</b>	<b>-</b>	<b>111,841</b>

**Sensitivity analysis of investments**

Sensitivity impact on profit after tax and equity is calculated considering increase or decrease in net asset value (NAV) of mutual funds, with all other variables being constant.

Every 0.25% increase in NAV will increase the Company's net profit by Rupees 365 thousands and increase the equity by the same amount. Conversely, every 0.25% decrease in NAV will negatively impact the Company's net profit by Rupees 365 thousands and favourably impact the equity by the same amount.

**NOTES FORMING PART OF ACCOUNTS (Contd.)****31 TAX RECONCILIATION STATEMENT**

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

(₹ in thousands)

Particulars	2020-21	2019-20
<b>Accounting Profit Before Income Tax</b>	<b>170,874</b>	<b>207,739</b>
Corporate Income Tax Rate	<b>25.168%</b>	29.120%
<b>Tax at Income tax rate</b>	<b>43,006</b>	<b>60,494</b>
<b>Incomes Exempted from Taxation</b>		
Dividend Income	–	(585)
<b>Non Deductible Tax Expenses</b>		
Expenditure on exempt income	–	140
Others	(22)	902
First time recognition of Deferred tax Assets	26	(23)
Adjustment on account of change in Effective Rate used for deferred tax	3,108	–
Reversing impact of OCI considered last year	–	849
Tax on other comprehensive income	(63)	(451)
<b>Total Tax Expense as per books of accounts</b>	<b>46,055</b>	<b>61,326</b>

**32 EMPLOYEE BENEFITS****i) Defined Contribution Plan**

The Company has recognised ₹ 4,520 thousands (PY ₹ 5400 thousands) as Provident Fund Contribution towards defined contribution plan as an expense in the Profit and Loss Account.

**ii) Defined Benefit Plan**

a) The amounts recognised in balance sheet are as follows:

(₹ in thousands)

		Gratuity plan	
		As at 31-03-2021	As at 31-03-2020
A.	Present Value of defined benefit obligation		
	Wholly funded	–	–
	Wholly unfunded	5,921	4,683
		5,921	4,683
	Less: Fair Value of Plan assets	–	–
	<b>Amount to be recognised as liability or (asset) (a-b)</b>	<b>5,921</b>	<b>4,683</b>
B.	Amounts reflected in the Balance Sheet		
	Liabilities	5,921	4,683
	Assets	–	–
	<b>Net liability / (asset)</b>	<b>5,921</b>	<b>4,683</b>

b) Profit & loss account expense :

(₹ in thousands)

		Gratuity plan	
		As at 31-03-2021	As at 31-03-2020
1	Current service cost	1,312	1,612
2	Interest cost	282	424
3	Past service cost		
	<b>Total expense for the year included in staff cost</b>	<b>1,594</b>	<b>2,036</b>

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

c) Amount recorded In Other Comprehensive Income :

(₹ in thousands)

		Gratuity plan	
		As at 31-03-2021	As at 31-03-2020
1	Opening amount recognized in OCI Profit and Loss Account	(5,971)	(4,453)
2	Remeasurement during the period due to		
	Changes in financial assumptions	(130)	385
	Changes in demographic assumptions	108	-
	Experience adjustments	(207)	(1,902)
	<b>Closing amount recognized in OCI outside Profit and Loss Account</b>	<b>(6,200)</b>	<b>(5,971)</b>

d) Reconciliation of net liability / asset:

(₹ in thousands)

		Gratuity plan	
		As at 31-03-2021	As at 31-03-2020
	Opening net defined benefit	4,683	6,247
	Expense charged to profit & loss account	1,594	2,036
	Amount recognized outside profit & loss account	(229)	(1,517)
	Employer Contributions	(127)	(2,083)
	Impact of Liability assumed or (settled)	-	-
	<b>Closing balance of the present value of defined benefit obligation</b>	<b>5,921</b>	<b>4,683</b>

e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

Movement in Benefit Obligations :

(₹ in thousands)

Particulars	Gratuity plan	
	As at 31-03-2021	As at 31-03-2020
Opening of Defined Benefit Obligation	4,683	6,247
Transfer in/(Out)	-	-
Current service cost	1,312	1,612
Past service cost	-	-
Interest on defined benefit obligation	282	424
Remeasurements due to :	-	-
Actuarial loss/(gain) arising from change in financial assumptions	(130)	385
Actuarial loss/(gain) arising from change in demographic assumptions	108	-
Actuarial loss/(gain) arising on account of experience changes	(207)	(1,902)
Benefits paid	(127)	(2,083)
Liabilities assumed / (settled)	-	-
<b>Closing balance of the plan assets</b>	<b>5,921</b>	<b>4,683</b>

Movement in Plan Assets :

(₹ in thousands)

Particulars	Gratuity plan	
	As at 31-03-2021	As at 31-03-2020
Employer contributions	127	2,083
Benefits paid	(127)	(2,083)
<b>Closing balance of the plan assets</b>	<b>-</b>	<b>-</b>

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

Sensitivity Analysis :

	Gratuity plan	
	As at 31-03-2021	As at 31-03-2020
Impact of increase in 100 bps on DBO		
- Discount Rate	-6.70%	-8.22%
- Salary escalation rate	7.55%	9.43%
Impact of decrease in 100 bps on DBO		
- Discount Rate	7.58%	9.49%
- Salary escalation rate	-6.80%	-8.31%

f) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Particulars		As at 31-03-2021	As at 31-03-2020
1	Discount rate		
	Gratuity plan	6.15%	6.35%
2	Expected return on plan assets	0.00%	0.00%
3	Salary growth rate	5.50%	6.00%
4	Attrition rate	1% to 25% for various age groups	1% to 25% for various age groups

g) The amounts pertaining to defined benefit plans for the current year are as follows:

(₹ in thousands)

Particulars		As at 31-03-2021	As at 31-03-2020
<b>Gratuity plan</b>			
1	Defined benefit obligation	5,921	4,683
2	(Surplus) / deficit	5,921	4,683

**33 RELATED PARTY DISCLOSURE**

(i) List of related parties which can exercise control:

Larsen and Toubro Limited	Ultimate Holding Company
L&T Technology Services Ltd	Holding Company

(ii) List of related parties with whom there were transactions during the year:

Name	Relationship
Larsen and Toubro Limited	Ultimate Holding Company
L&T Technology Services Ltd	Holding Company
Thales Services SAS, France	Associate Company
Larsen & Toubro Infotech Limited	Fellow Subsidiary
Mindtree Limited	Fellow Subsidiary
L&T Hydrocarbon Engineering Limited	Fellow Subsidiary

(iii) Disclosure of related party transactions

(₹ in thousands)

Transactions	31-Mar-21	31-Mar-20
<b>Sale of services :</b>		
<b>Holding Company</b>	2,943	23,726
- L&T Technology Services Ltd	2,943	23,726
<b>Purchase of services :</b>		
<b>Holding Company</b>	368,165	643,441
- L&T Technology Services Ltd	367,930	643,138
- Larsen & Toubro Limited	235	303

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

	(₹ in thousands)	
Transactions	31-Mar-21	31-Mar-20
<b>Fellow Subsidiaries</b>	<b>52,460</b>	<b>25,137</b>
- Larsen & Toubro Infotech Limited	7,990	25,137
- Mindtree Limited	44,470	-
<b>Interest paid :</b>		
<b>Holding Company</b>	<b>299</b>	<b>7,579</b>
- L&T Technology Services Ltd	299	7,579
<b>Repayment of Inter company borrowing:</b>		
<b>Holding Company</b>	<b>90,000</b>	<b>-</b>
- L&T Technology Services Ltd	90,000	-
<b>Services availed by the company :</b>		
<b>Holding Company</b>	<b>108,420</b>	<b>198,388</b>
- L&T Technology Services Ltd	108,228	198,163
- L&T Hydrocarbon Engineering Limited	192	225
<b>Services rendered by the company :</b>		
<b>Holding Company</b>	<b>-</b>	<b>1,577</b>
- L&T Technology Services Ltd	-	1,577
<b>Trade receivable :</b>		
<b>Holding Company</b>	<b>5,626</b>	<b>49,046</b>
- L&T Technology Services Ltd	5,626	49,046
<b>Associate Company</b>	<b>135</b>	<b>135</b>
- Thales Services SAS, France	135	135
<b>Intercompany borrowing :</b>		
<b>Holding Company</b>	<b>-</b>	<b>90,000</b>
- L&T Technology Services Ltd	-	90,000
<b>Trade payable :</b>		
<b>Holding Company</b>	<b>71,301</b>	<b>510,063</b>
- Larsen & Toubro Limited	542	-1,661
- L&T Technology Services Ltd	70,759	511,724
<b>Associate Company</b>	<b>3,577</b>	<b>-3,385</b>
- Thales Services SAS, France	3,577	-3,385
<b>Fellow Subsidiaries</b>	<b>1,840</b>	<b>15,992</b>
- Larsen & Toubro Infotech Limited	1,628	15,749
- L&T Hydrocarbon Engineering Limited	212	243

**34 LEASES**

The lease rentals charged during the period is as under :

Particulars	₹ in thousands	
	Year ended March 31, 2021	Year ended March 31, 2020
Lease rentals	9,475	10,012

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

The obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

Future minimum lease payable	₹ in thousands	
	As at March 31, 2021	As at March 31, 2020
Not later than 1 year	2,641	10,062
Later than 1 year and not later than 5 years	-	2,516
Later than 5 years	-	-

The operating lease arrangement is for the premises and future lease payable has been calculated taken into consideration the price escalation clause

**35 SEGMENT REPORTING****Business segments:**

As the Company's business activity primarily falls within a single primary business segment, viz engineering, programming and testing services, the disclosure requirements of IND AS 108 'Operating Segments' are not applicable.

**Geographical segments:**

Segmental reporting of revenues on the basis of the geographical location of the customers is as under:

₹ in thousands

Particulars	North America	Europe	India	Rest of world	Total
Revenue by location of customers	471,699	242,818	129,091	5,731	849,339
	<i>962,136</i>	<i>305,018</i>	<i>149,625</i>	<i>11,256</i>	<i>1,428,035</i>

Numbers in italics are previous year numbers

Assets used and liabilities contracted for performing the Company's business have not been identified to any of the above reported segments as they are used inter-changeably among segments.

- 36** There are ₹ 47 thousands (PY - ₹ 425 thousands) - principal amount due to micro and small enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006. Dues to Micro and Small Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006, have been determined to the extent such parties have been identified on the basis of information collected by the Management.
- 37** The Company does not have any long-term contracts as on 31st March 2021 (PY ₹ Nil), including derivative contracts for which there are any material foreseeable losses.
- 38** There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2021 (PY ₹ Nil).
- 39** Contingent Liability - ₹ Nil (PY ₹ Nil)
- 40** Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report attached

**SHARP & TANNAN**

Chartered Accountants  
Firm's registration No. 109982W  
by the hand of

**FIRDOSH D. BUCHIA**

Partner  
Membership no. 38332

Place: Mumbai  
Date: April 30, 2021

For and on behalf of the Board of Directors of  
L&T Thales Technology Services Private Limited

**RAJEEV GUPTA**

Director  
DIN : 06782710

Place: Mumbai  
Date: April 30, 2021

**EMMANUEL DE ROQUEFEUIL**

Director  
DIN : 07735597

Place: Delhi  
Date: April 30, 2021

## BOARD REPORT

Dear Members,

It is our pleasure to present the Board Report and Audited Accounts for the year ended March 31, 2021.

### 1. FINANCIAL RESULTS:

Particulars	2020-21	2019-20
	USD	USD
Total Income	62,499,587	44,539,575
Total Expenditure	56,487,949	41,313,589
Operating Profit / (Loss)	6,011,638	3,225,986
Add: Other Income	4,828,540	231,524
Less: Depreciation & Finance Costs	588,401	293,996
Profit / (Loss) before Tax	10,251,777	3,163,514
Less: Tax	(1,804,852)	(1,423,356)
Net Profit / (Loss) after Tax	8,446,925	4,586,870
Add: Balance b/f from previous year	9,376,924	4,790,054
Balance available for disposal which directors appropriate as follows:	17,823,849	9,376,924
Dividend	-	-
Transfer to Reserves	-	-
Balance to be carried forward	17,823,849	9,376,924

### 2. CAPITAL & FINANCE:

During the year under review, the Company has issued shares for USD 1,10,00,000. The Company's borrowings stand at Nil as on March 31, 2021.

### 3. CAPITAL EXPENDITURE:

As at March 31, 2021, the gross fixed and intangible assets, including leased assets, stood at USD 12,161,285 and the net fixed and intangible assets, including leased assets, at USD 5,685,233. Capital Expenditure during the year amounted to USD 926,150.

### 4. STATE OF COMPANY AFFAIRS:

The gross sales and other income for the financial year under review were USD 67,328,127 as against USD 44,771,099 for the previous financial year registering an increase of 50.4%. The profit before tax from continuing operations including extraordinary and exceptional items was USD 10,251,777 and the profit after tax from continuing operations including extraordinary and exceptional items was USD 8,446,925 for the financial year under review as against USD 3,163,514 and USD 4,586,870 respectively for the previous financial year, registering an increase of 224.1% and 84.2% respectively.

### 5. SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:

In 2017, the Company had acquired Esencia Technologies Inc. a Nevada, USA based company. During financial year 2019-20, the Company had incorporated a subsidiary named L&T Technology Services (Canada) Limited, in which it is holding 100% stake. During the financial year 2020-21, the Company has acquired Orchestra Technologies Inc. a US based company providing engineering services and solutions in the Telecom & Hitech industry segment, in which it is holding 100% stake.

#### A. Shares acquired during the year:

Name of the Company	Type of Shares	No. of shares
Orchestra Technologies Inc.	Common Stock	4,600,000

#### B. Performance and Financial Position of subsidiaries:

Sr no	Particulars	Esencia Technologies Inc.	L&T Technology Services (Canada) Limited	Orchestra Technologies Inc.
	Currency	USD	CAD	USD
1	Share capital	1,111	6,612	4,600
2	Reserves	(821,813)	6,900	2,910,461
3	Current liabilities	1,361,557	181,815	3,970,456
4	Non-current Liabilities	-	-	-
4	<b>Total equity and liabilities (1+2+3)</b>	<b>540,855</b>	<b>195,327</b>	<b>6,885,517</b>
5	Non-current assets	66,985	-	1,789,341
6	Current assets	473,870	195,327	5,096,176
7	<b>Total assets (5+6)</b>	<b>540,855</b>	<b>195,327</b>	<b>6,885,517</b>

Sr no	Particulars	Esencia Technologies Inc.	L&T Technology Services (Canada) Limited	Orchestra Technologies Inc.
8	Investments included in current assets (6 above)	-	-	-
9	Cash flow from operating activities	1,825,398	(3,276)	(4,547,726)
10	Cash flow from investing activities	2,400,000	-	-
11	Cash flow from financing activities	(4,600,000)	6,612	4,219,656
12	<b>Net increase in cash and cash equivalents (9+10+11)</b>	<b>(374,602)</b>	<b>3,336</b>	<b>(328,070)</b>
13	Revenue from operations	4,983,553	185,491	8,519,024
14	Profit before taxation	59,011	9,452	(141,796)
15	Provision for taxation	3,899	2,552	(141,050)
16	Profit after taxation	55,112	6,900	(746)
17	Interim dividend - equity	4,600,000	-	-
18	Interim dividend - preference	-	-	-
19	Proposed dividend - equity	-	-	-
20	Proposed dividend - preference	-	-	-
21	% of share holding	100%	100%	100%

**6. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

The Company has not given loan/made investment/provided guarantee or security during the year under review.

**7. AMOUNT TO BE CARRIED TO RESERVE:**

As at March 31, 2021, the Company has not transferred any amount to reserves.

**8. DIVIDEND:**

The Company has not declared any dividend during the year under review.

**9. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:**

There are no material changes affecting the financial position of the Company between the end of the financial year and the date of the Report.

**10. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

During the year under review, there were no material and significant orders passed by the regulators or courts impacting the going concern status and the Company's operations in future.

**11. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:**

Dr. Keshab Panda was the Manager who looked after the affairs of the Company upto March 31, 2021.

Mr. Amit Chadha is appointed as the Manager of the Company w.e.f. April 1, 2021 in place of Dr. Panda.

We place on record our appreciation for the services rendered by Dr. Panda during his tenure as Manager of the Company.

**12. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:**

The Meetings of the Company were held on August 18, 2020 and March 31, 2021.

**13. REPORTING OF FRAUDS:**

The Auditors of the Company have not reported any fraud committed against the Company by its officers or employees.

**14. FINANCIAL STATEMENTS:**

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment which has/have an adverse effect on the functioning of the Company.

**15. AUDITORS:**

M/s KNAV P.A. are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.

**16. DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors of the Company confirms:

- In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

**17. ACKNOWLEDGEMENT:**

Your Members acknowledge the invaluable support extended by the Government authorities in United States of America and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of **L&T Technology Services LLC**

**AMIT CHADHA**  
*Manager*

*Place: United States of America*  
*Date: April 28, 2021*

## ***INDEPENDENT AUDITOR'S REPORT***

The Member,  
**L&T Technology Services, LLC**

We have audited the accompanying separate parent company financial statements of **L&T Technology Services, LLC** ('the Company'), which comprise the balance sheets as of March 31, 2021 and March 31, 2020, and the related statements of income, member's equity and cash flows for the years then ended, and the related notes to the separate parent company financial statements.

### **Management's responsibility for the separate parent company financial statements**

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

### **Auditor's responsibility**

Our responsibility is to express an opinion on these separate parent company financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate parent company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the separate parent company financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the separate parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Basis of qualified opinion**

As discussed in Note A.2 to the separate parent company financial statements, the Company reports investment in its wholly owned subsidiaries, Esencia Technologies, Inc. ('Esencia'), Orchestra Technology Inc ('Orchestra') and L&T Technology Services (Canada) Limited (L&T Canada) on cost basis. Accounting principles generally accepted in the United States require that all majority owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of these subsidiaries had been consolidated with those of the Company, total assets would have decreased by \$443,564 and increased by \$946,682 and; total liabilities would have increased by \$10,003,200 and \$3,726,915 as at March 31, 2021 and March 31, 2020, respectively; and member's equity would have decreased by \$10,446,760 and \$2,728,032 as of March 31, 2021 and March 31, 2020, respectively; net income would have decreased by \$7,743,112 and \$1,763,886, respectively, for the years then ended.

### **Opinion**

In our opinion, except for the effects of not consolidating the wholly owned subsidiaries as discussed in the Basis of qualified opinion paragraph, the separate parent company financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2021 and March 31, 2020 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Restriction of use**

This report is intended solely for the information and use of the Member and the Management of the Company, for the purpose of meeting the annual reporting requirements and is not intended to be and should not be used by anyone other than above specified parties or for any other purpose.

### **KNAV P.A.**

*Atlanta, Georgia*  
*April 28, 2021*

**BALANCE SHEETS**

(All amounts in United States Dollars, unless otherwise stated)

	<u>As at March 31, 2021</u>	<u>As at March 31, 2020</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,284,141	533,793
Accounts receivable, net	9,147,393	8,994,914
Prepaid and other current assets	6,008,554	6,262,564
<b>Total current assets</b>	<u>17,440,088</u>	<u>15,791,271</u>
Property and equipment, net	695,911	598,837
Operating lease right-of-use assets	1,163,388	1,222,174
Goodwill and other intangible assets, net	3,895,627	3,861,302
Investments	31,559,470	18,153,574
Other assets	61,782	60,581
Deferred tax assets	751,081	1,227,858
<b>Total assets</b>	<u>55,567,347</u>	<u>40,915,597</u>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	651,860	19,817
Due to related parties	1,806,785	7,515,290
Operating lease liability	349,170	472,405
Short term line of credit	-	4,000,000
Other current liabilities	5,363,876	3,730,433
<b>Total current liabilities</b>	<u>8,171,691</u>	<u>15,737,945</u>
Operating lease liability, non-current portion	794,379	790,728
Contingent consideration	2,767,428	-
<b>Total liabilities</b>	<u>11,733,498</u>	<u>16,528,673</u>
<b>Member's equity</b>		
Member's equity	26,010,000	15,010,000
Accumulated surplus	17,823,849	9,376,924
<b>Total member's equity</b>	<u>43,833,849</u>	<u>24,386,924</u>
<b>Total liabilities and member's equity</b>	<u>55,567,347</u>	<u>40,915,597</u>

*(The accompanying notes are an integral part of these separate parent company financial statements)*For and on behalf of **L&T Technology Services LLC****Amit Chadha**  
ManagerPlace: *United States of America*  
Date: *April 28, 2021*

**STATEMENTS OF INCOME**

(All amounts in United States Dollars, unless otherwise stated)

	<b>For the year ended March 31, 2021</b>	<i>For the year ended March 31, 2020</i>
Revenues	<b>62,499,587</b>	44,539,575
<b>Total revenues</b>	<b>62,499,587</b>	44,539,575
<b>Operating expenses</b>		
Cost of revenues	<b>52,672,252</b>	37,605,599
Selling, general and administrative expenses	<b>3,815,697</b>	3,707,990
Depreciation and amortization	<b>312,651</b>	181,939
<b>Total operating expenses</b>	<b>56,800,600</b>	41,495,528
<b>Operating profit</b>	<b>5,698,987</b>	3,044,047
Interest expense	<b>(275,750)</b>	(112,057)
Other income	<b>4,828,540</b>	231,524
<b>Profit before income tax</b>	<b>10,251,777</b>	3,163,514
Current tax expense	<b>1,328,075</b>	31,772
Deferred tax expense (benefit)	<b>476,777</b>	(1,455,128)
<b>Net profit</b>	<b>8,446,925</b>	4,586,870

*(The accompanying notes are an integral part of these separate parent company financial statements)*For and on behalf of **L&T Technology Services LLC****Amit Chadha**  
Manager*Place: United States of America  
Date: April 28, 2021*

**STATEMENTS OF MEMBER'S EQUITY**

(All amounts in United States Dollars, unless otherwise stated)

	<u>Member's equity</u>	<u>Accumulated surplus</u>	<u>Total member's equity</u>
<b>Balance as at April 01, 2019</b>	15,010,000	4,790,054	19,800,054
Net profit for the year	–	4,586,870	4,586,870
<b>Balance as at March 31, 2020</b>	<b>15,010,000</b>	<b>9,376,924</b>	<b>24,386,924</b>
Balance as at April 01, 2020	15,010,000	9,376,924	24,386,924
Issue of membership units	11,000,000	–	11,000,000
Net profit for the year	–	8,446,925	8,446,925
<b>Balance as at March 31, 2021</b>	<b>26,010,000</b>	<b>17,823,849</b>	<b>43,833,849</b>

*(The accompanying notes are an integral part of these separate parent company financial statements)*


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 For and on behalf of **L&T Technology Services LLC**
**Amit Chadha**  
 Manager

*Place: United States of America*  
*Date: April 28, 2021*

**STATEMENTS OF CASH FLOWS**

(All amounts in United States Dollars, unless otherwise stated)

	<b>For the year ended March 31, 2021</b>	<i>For the year ended March 31, 2020</i>
<b>Cash flow from operating activities</b>		
Net profit	8,446,925	4,586,870
<b>Adjustments to reconcile net profit to net cash provided by (used in) operating activities</b>		
Depreciation and amortization	312,651	181,939
Deferred tax expense (benefit)	476,777	(1,455,128)
Allowance for bad debts	189,818	21,647
Unwinding of interest on contingent consideration	236,122	–
Dividend income	(4,600,000)	–
<b>Changes in current assets and liabilities</b>		
Accounts receivable, net	(342,297)	(4,780,684)
Prepaid and other current assets	312,797	(3,838,555)
Other assets	(1,200)	(25,150)
Accounts payable	632,042	(389,012)
Due to related parties	(5,708,505)	2,001,190
Other current liabilities	1,513,858	1,628,499
<b>Net cash provided by (used in) operating activities</b>	<b>1,468,988</b>	<b>(2,068,384)</b>
<b>Cash flow from investing activities</b>		
Purchase of property and equipment	(439,050)	(499,142)
Investment in subsidiaries	(10,879,590)	–
<b>Net cash used in investing activities</b>	<b>(11,318,640)</b>	<b>(499,142)</b>
<b>Cash flow from financing activities</b>		
Repayment of short-term line of credit	(4,000,000)	–
Short term advance received from subsidiary company	–	2,400,000
Dividend from subsidiary	4,600,000	–
Issue of member's equity	11,000,000	–
<b>Net cash provided by financing activities</b>	<b>11,600,000</b>	<b>2,400,000</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,750,348</b>	<b>(167,526)</b>
Cash and cash equivalents at the beginning of the year	533,793	701,319
<b>Cash and cash equivalents at the end of the year</b>	<b>2,284,141</b>	<b>533,793</b>
<b>Supplemental cash flow information</b>		
Income taxes paid	1,921,171	909,104
Interest paid	34,629	112,057
<b>Supplementary non-cash information</b>		
Earn-out provision, non-cash investment	2,767,428	–
Cash paid for amounts included in measurement of lease liabilities: Operating cash flows from operating leases	645,441	540,490

*(The accompanying notes are an integral part of these separate parent company financial statements)*For and on behalf of **L&T Technology Services LLC****Amit Chadha**  
ManagerPlace: United States of America  
Date: April 28, 2021

## NOTES TO SEPARATE PARENT COMPANY FINANCIAL STATEMENTS

(All amounts in United State Dollars, unless otherwise stated)

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying separate parent company financial statements are as follows:

#### 1. Organization and nature of operations

L&T Technology Services LLC ("the Company") is a wholly owned subsidiary of L&T Technology Services Limited ("parent company" or "LTTS"), an India incorporated company. The Company was incorporated on June 26, 2014 as a limited liability company under the laws of the State of Illinois. The Company is engaged in providing engineering services which includes Mechanical Design & Analysis, Embedded Engineering, Applied Engineering, and Manufacturing Consulting.

On November 21, 2014, the Company acquired the business of Dell Product and Process Innovation Services Corp, a Delaware corporation incorporated in Illinois in 1999.

On June 01, 2017, the Company acquired all issued and outstanding preferred and common stock of Esencia Technologies, Inc.

On August 20, 2019, the Company incorporated L&T Technology Services (Canada) Limited.

#### 2. Basis of preparation

a) The accompanying separate parent company financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America ('US GAAP') to reflect the financial position, results of operation and cash flows of the Company. In these separate parent company financial statements, the Company reports investment in its wholly owned subsidiaries, Esencia Technologies, Inc. ('Esencia'), Orchestra Technology Inc ('Orchestra') and L&T Technology Services (Canada) Limited (L&T Canada) on cost basis. Accounting principles generally accepted in the United States require that wholly owned and majority owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of the subsidiaries had been consolidated with those of the Company, total assets would have decreased by \$443,564 and increased by \$946,682 and; total liabilities would have increased by \$10,003,200 and \$3,726,915 as at March 31, 2021 and March 31, 2020, respectively; and member's equity would have decreased by \$10,446,760 and \$2,728,032 as of March 31, 2021 and March 31, 2020, respectively; net income would have decreased by \$7,743,112 and \$1,763,886, respectively, for the years then ended.

b) All amounts are stated in United States Dollars, except otherwise specified.

c) The separate parent company financial statements presented are for the years ended March 31, 2021 and March 31, 2020.

d) Certain reclassifications, regroupings and reworking have been made in the separate parent company financial statements of prior year to conform to the classifications used in the current year. These changes had no impact on previously reported net profit or member's equity.

#### 3. Estimates and assumptions

The preparation of separate parent company financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the separate parent company financial statements and the results of operations during the reporting period. The important estimates made by the Company in preparing these separate parent company financial statements include those on the valuation of identified intangibles and goodwill, useful life of intangibles and property and equipment, impairment of other tangible, goodwill and intangible long-lived assets, allowance for doubtful debts, revenue recognition, accrued liabilities, deferred taxes, provisions for employee benefit obligations, income tax uncertainties and other contingencies. The estimates are made using historical information and other relevant factors available to management. Management believes that the estimates used in the preparation of the separate parent company financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

#### 4. Investments

Investments are carried at cost. Acquisition related expenditure if any, is expensed in the same year as incurred.

#### 5. Cash and cash equivalents

Cash and cash equivalents include current balances on bank accounts and highly liquid, short-term deposits with an original maturity of three months or less.

#### 6. Accounts receivable & allowance for doubtful debts

Accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and the customers' financial condition, the amounts of receivables in dispute, and the current receivables ageing and current payment patterns. The Company reviews its allowance for doubtful accounts monthly. Past due balances over 365 days and over a specified amount are reviewed individually for collectability. Allowance for doubtful accounts is included in selling, general and administrative expenses in the statement of income. The Company charges off uncollectable amounts against the reserves in the period in which it determines they are uncollectable.

#### 7. Revenue recognition

Revenue from contracts priced on time and material basis are recognized when services are rendered. Revenue from services performed on "fixed price" basis is recognized using the proportionate completion method. Invoicing is done against client approved time sheets and when the work is performed. Revenue is determined by multiplying the hours worked by the contracted billing rates and recognized only when the following four criteria have been met: (i) written evidence that an arrangement exists; (ii) the service has been performed and the Company

**NOTES TO SEPARATE PARENT COMPANY FINANCIAL STATEMENTS (CONTD.)**

(All amounts in United State Dollars, unless otherwise stated)

has no significant remaining obligation; (iii) the price to the buyer is fixed or determinable; and (iv) collectability is reasonably assured. Unbilled revenue represents value of services performed in accordance with the contract term but not billed. Deferred revenue, if any, on the accompanying balance sheets represents amounts collected or billed prior to satisfying the above revenue recognition criteria.

The Company recognizes revenue from handling services when the services are provided by an affiliated delivery entity on behalf of the Company. The handling services are charged as a fixed percentage of the contract amount charged to customer.

Effective April 01, 2019, the Company adopted Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (ASC 606). Revenue is recognized upon transfer of control of products or services promised to customers in an amount that reflects the consideration the Company expects to receive in exchange for these products or services. Please refer to Note M, "Revenue from Customer Contracts" for further information on the Company's revenue. The net impact to opening accumulated surplus as of April 01, 2019 on adoption of ASC 606 was \$Nil.

The core principle of ASC 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

To achieve this core principle, the Company has applied the five-step process:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to performance obligations in the contract.
5. Recognize revenue when or as the Company satisfies a performance obligation.

The Company accounts for a contract with a customer when it has written approval, the contract is committed, the rights of the parties, including payment terms, are identified, the contract has commercial substance and consideration is probable of collection.

Revenue is recognized when, or as, control of a promised product or service transfers to a customer, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring those products or services. If the consideration promised in a contract includes a variable amount, the Company estimates the amount to which it expects to be entitled using either the expected value or most likely amount method. The Company's contracts may include terms that could cause variability in the transaction price, including, for example, rebates, volume discounts, service-level penalties, and performance bonuses or other forms of contingent revenue. The Company only includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

In addition to the aforementioned general policies, the following are the specific revenue recognition policies for arrangements relating to "Services".

**Service arrangements**

Revenue from time and material contracts is recognized over the period in which the related services are provided and when Company has an enforceable right to receive payment for work to date. Revenues from these contracts are recognized ratably over the term of the agreement. Revenue from services performed on "fixed price" basis is recognized using the proportionate completion method. Invoicing is done against client approved time sheets and when the work is performed. Revenues from these contracts are recognized ratably over the term of the agreement.

**Other income**

Dividend income is recognized when the dividend is declared by the controlled entity or investee.

**8. Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and impairment. Cost of items of property and equipment comprises cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use.

The Company depreciates property and equipment over the estimated useful life using the straight-line method. Expenditures for maintenance and repairs are charged to expense. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited to statement of income.

The estimated useful lives used to determine depreciation are:

Nature of assets	Estimated useful life of assets
Office equipment, furniture and fixtures	7 to 10 years
Information technology equipment	6 months to 4 years

**9. Impairment of long-lived assets**

Long-lived assets, including certain identifiable intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the amount by which the carrying value of the assets exceeds its fair value.

**NOTES TO SEPARATE PARENT COMPANY FINANCIAL STATEMENTS (CONTD.)**

(All amounts in United State Dollars, unless otherwise stated)

**10. Business combinations, goodwill and intangible assets**

The Company accounts for goodwill and intangible assets in accordance with ASC 350, Intangibles – Goodwill and Other (“ASC 350”). ASC 350 requires that goodwill and other intangibles with indefinite lives should be tested for impairment annually or on an interim basis if events or circumstances indicate that the fair value of an asset has decreased below its carrying value.

Goodwill is tested for impairment at the reporting unit level on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company has adopted the provisions of ASU 2017-04, “Intangibles -Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment” (“ASU 2017-04”). ASU 2017-04 eliminates the second step of the goodwill impairment test. For goodwill impairment tests, if the carrying value of a reporting unit exceeds its fair value, the Company will measure any goodwill impairment losses as the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

The Company amortizes intangible assets over their estimated useful lives unless such lives are determined to be indefinite. Amortizable intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. Intangible assets with indefinite lives are tested at least annually for impairment and written down to fair value as required. The estimated useful lives of the amortizable intangible assets are as follows:

Nature of assets	Estimated useful life of assets
Customer relationship	4 years
Specialized software	6 years

**11. Operating leases**

Accounting Standard Update (“ASU”) 2016-02, Leases. On April 1, 2019, the Company early adopted Accounting Standards Codification 842 and all the related amendments (“new lease standard”) using the modified retrospective method. The comparative information has not been restated and continues to be reported under the lease accounting standard in effect of those periods. The Company does not expect the adoption of the new lease standard to have a material impact to net income on an ongoing basis. The new lease standard requires all leases to be reported on the balance sheet as operating lease right-of-use assets and lease obligations. The Company elected the practical expedients permitted under the transition guidance of the new standard that retained the lease classification and initial direct costs for any leases that existed prior to adoption of the standard.

The Company’s leases are classified as operating leases, which are included in operating lease right-of-use assets and operating lease liabilities in the Company’s balance sheet.

Right-of-use assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date for leases exceeding 12 months. Minimum lease payments include only the fixed lease component of the agreement, as well as any variable rate payments that depend on an index, initially measured using the index at the lease commencement date. Lease terms may include options to renew when it is reasonably certain that the Company will exercise that option.

The Company’s estimation considers the market rates of the Company’s outstanding collateralized borrowings and interpolations of rates outside of the terms of the outstanding borrowings, including comparisons to comparable borrowings of similarly rated companies with longer term borrowings. Operating lease expense is recognized on a straight-line basis over the lease term and is included in cost of revenue or general and administrative expense. Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognized as an expense on a straight-line basis over the lease term.

**12. Commitments and contingencies**

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but disclosed in notes. Contingent assets are neither recognized nor disclosed.

**13. Income taxes**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the separate parent company financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded for deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized. ASC 740 also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. All deferred tax assets and liabilities, along with any related valuation allowance, is classified as non-current on the balance sheets.

The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company recognizes interest and penalties related to uncertain tax positions in statement of income.

**14. Advertising costs**

Non-response advertising costs are presented as part of selling, general, and administrative expenses in the statement of income. Advertising costs are expensed as incurred.

**NOTES TO SEPARATE PARENT COMPANY FINANCIAL STATEMENTS (CONTD.)**

(All amounts in United State Dollars, unless otherwise stated)

**15. Retirement and employee benefits**

Contribution to defined contribution plans are charged to statement of income in the period in which they accrue.

**16. Fair value measurements and financial instruments**

Assets and liabilities recorded at fair value in the separate parent company financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, borrowings under line of credit and accrued liabilities. The estimated fair value of cash, accounts receivable, accounts payable, borrowings under line of credit and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

**NOTE B - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise of the following:

	<u>As at March 31, 2021</u>	<u>As at March 31, 2020</u>
Bank balance	2,284,141	533,793
<b>Total</b>	<u>2,284,141</u>	<u>533,793</u>

Cash balances on checking accounts and payroll accounts with the bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of \$250,000 per depositor at each financial institution. The Company's non-interest-bearing cash balances may exceed federal insured limits.

**NOTE C - ACCOUNTS RECEIVABLE**

Accounts receivable as at March 31, 2021 represent dues from customers of \$9,086,393, (as at March 31, 2020: \$8,988,211) and due from Parent Company and affiliates amounting to \$272,465 (as at March 31, 2020: \$28,351). The Company maintains an allowance for doubtful debts on all accounts receivable, based on present and prospective financial condition of the customer and aging of accounts receivable after considering historical experience and the current economic environment.

The movement in allowance for doubtful debts during the year is as under:

	<u>For the year ended March 31, 2021</u>	<u>For the year ended March 31, 2020</u>
<b>Beginning balance</b>	21,647	–
Add: During the year provision	189,818	21,647
<b>Closing balance</b>	<u>211,465</u>	<u>21,647</u>

Accounts receivable, net is as under:

	<u>As at March 31, 2021</u>	<u>As at March 31, 2020</u>
Due from customers	9,086,393	8,988,210
Less: allowances for doubtful debts	(211,465)	(21,647)
Due from related parties	272,465	28,351
<b>Total</b>	<u>9,147,393</u>	<u>8,994,914</u>

**NOTES TO SEPARATE PARENT COMPANY FINANCIAL STATEMENTS (CONTD.)**

(All amounts in United State Dollars, unless otherwise stated)

**NOTE D - PREPAID AND OTHER CURRENT ASSETS**

Prepaid and other current assets comprise of the following:

	<u>As at March 31, 2021</u>	<u>As at March 31, 2020</u>
Unbilled receivables	4,266,368	5,238,227
Prepaid expenses	144,158	114,254
Federal and state taxes net of provision for tax	1,468,433	865,155
Advance to vendors	94,307	5,300
Other current assets	35,288	39,628
<b>Total</b>	<u><u>6,008,554</u></u>	<u><u>6,262,564</u></u>

**NOTE E - PROPERTY AND EQUIPMENT, NET**

Property and equipment comprise of the following:

	<u>As at March 31, 2021</u>	<u>As at March 31, 2020</u>
Information technology equipment	873,979	656,623
Office equipment, furniture and fixtures	451,446	285,332
	<u>1,325,425</u>	<u>941,955</u>
Less: Accumulated depreciation	<u>(629,514)</u>	<u>(343,118)</u>
<b>Property and equipment, net</b>	<u><u>695,911</u></u>	<u><u>598,837</u></u>

Depreciation for the year ended March 31, 2021 is \$286,396 (year ended March 31, 2020 \$164,088).

**NOTE F - GOODWILL AND OTHER INTANGIBLES, NET**

Goodwill and other intangibles comprise of the following:

	<u>As at March 31, 2021</u>	<u>As at March 31, 2020</u>
Goodwill	3,825,014	3,825,014
Customer relationships	4,751,000	4,751,000
Computer software	203,629	143,049
	<u>8,779,643</u>	<u>8,719,063</u>
Less: Accumulated amortization	<u>(4,884,016)</u>	<u>(4,857,761)</u>
<b>Goodwill and other intangibles, net</b>	<u><u>3,895,627</u></u>	<u><u>3,861,302</u></u>

Amortization expense for the year ended March 31, 2021 is \$26,255 (year ended March 31, 2020 \$17,851).

The estimated future amortization expenses related to customer relationships and computer software are as follows:

<u>Year ended March 31</u>	<u>Computer software</u>
2021	25,521
2022	17,744
2023	15,492
2024	8,151
2025	3,705

**NOTES TO SEPARATE PARENT COMPANY FINANCIAL STATEMENTS (CONTD.)**

(All amounts in United State Dollars, unless otherwise stated)

**NOTE G - INVESTMENTS**

The following table presents a summary of the investment:

	<u>As at March 31, 2021</u>	<u>As at March 31, 2020</u>
Investment made in Esencia, at cost	18,153,574	18,153,574
Investment made in Orchestra Technology Inc, at cost*	13,400,896	-
Investment in L&T Technology Services, Canada	5,000	-
<b>Total</b>	<u>31,559,470</u>	<u>18,153,574</u>

\*On October 02, 2020, the Company acquired Orchestra for cash and certain contingent consideration. In accordance with the terms of the stock purchase agreement dated July 16, 2020 the Company acquired 100% shareholding in Orchestra for the following condition:

- Payment of cash of \$10,874,590
- Contingent consideration based on the earnings before interest and tax calculated and payable as described in the earn-out agreement.

The following table presents a summary of the purchase price consideration for acquisition of Orchestra:

	<u>As at March 31, 2021</u>
Consideration to be paid in cash	10,874,590
Fair value estimate of contingent payment consideration	2,526,306

**NOTE H - OTHER ASSETS**

Other assets consist of the following:

	<u>As at March 31, 2021</u>	<u>As at March 31, 2020</u>
Deposits	61,782	60,581
<b>Total</b>	<u>61,782</u>	<u>60,581</u>

**NOTE I - SHORT TERM LINE OF CREDIT**

Total borrowings under short term line of credit comprise of following:

	<u>As at March 31, 2021</u>	<u>As at March 31, 2020</u>
Line of credit	-	4,000,000
<b>Total</b>	<u>-</u>	<u>4,000,000</u>

The Company has short term line of credit with a bank, with a maximum permissible limit of \$15,700,000. The line of credit is guaranteed by L&T Technology Services Limited, Parent Company and is valid up to September 30, 2021. Interest on the line of credit is payable at LIBOR rate, payable monthly. As of March 31, 2021, the applicable rate of interest on the outstanding line of credit is 0.86% (March 31, 2020: 2.35%). Total interest expense on the line of credit for the year ended March 31, 2021 is \$34,629 (year ended March 31, 2020: \$112,057).

**NOTE J - OTHER CURRENT LIABILITIES**

Other current liabilities comprise the following:

	<u>As at March 31, 2021</u>	<u>As at March 31, 2020</u>
Employee benefits	2,256,145	1,395,494
Statutory liabilities	1,131,413	305,996
Deferred revenue	41,743	102,322
Other payables	1,934,575	1,926,621
<b>Total</b>	<u>5,363,876</u>	<u>3,730,433</u>

**NOTE K - CONTINGENT CONSIDERATION PAYABLE**

On July 16, 2020, the Company and erstwhile shareholders of Orchestra Technology entered into a stock purchase agreement. The stock purchase agreement, among other things, has the conditions connected to the earn-out consideration. The condition for earn-out consideration payment was based on certain annual minimum thresholds and financial targets. The Company has fair valued the amended contingent consideration at \$2,767,428 as at March 31, 2021.

**NOTES TO SEPARATE PARENT COMPANY FINANCIAL STATEMENTS (CONTD.)**

(All amounts in United State Dollars, unless otherwise stated)

**NOTE L - EMPLOYEE BENEFIT PLAN**

The Company established a 401(k)-retirement plan (the "Plan") for the benefit of its employees. As allowed under Section 401(k) of the Internal Revenue Code, the Plan provides for tax-deferred salary contributions for eligible employees. The Plan allows employees to contribute a percentage of their annual compensation to the Plan on a pre-tax and after-tax basis. Employee contributions are limited to a maximum annual amount as set periodically by the Internal Revenue Code. At its discretion, the Company may match pre-tax and after-tax employee contributions up to 100% of the first 3% and 50% of next 2% of eligible earnings that are contributed by employees. Both, the employee contributions and the Company's matching contributions vest 100%, immediately. During the year ended March 31, 2021 and March 31, 2020, the Company contributed \$341,485 and \$183,030 towards the Plan, respectively.

**NOTE M - REVENUE FROM CUSTOMER CONTRACTS**

The following table presents revenue disaggregated by source of revenue:

	<b>For the year ended March 31, 2021</b>	<i>For the year ended March 31, 2020</i>
Services	<b>62,499,587</b>	44,539,575
<b>Total</b>	<b>62,499,587</b>	44,539,575

The following table presents revenue disaggregated by timing of recognition:

	<b>For the year ended March 31, 2021</b>	<i>For the year ended March 31, 2020</i>
Products or services transferred over time	<b>62,499,587</b>	44,539,575
<b>Total</b>	<b>62,499,587</b>	44,539,575

**Contract balances**

The timing of revenue recognition, invoicing and cash collections results in billed receivables, contract assets and contract liabilities on the separate parent company balance sheets. Contract assets represent sales recognized in excess of billings related to work completed but not yet billed for which revenue is recognized over time. Contract assets are recorded as unbilled receivables. Unbilled receivables are typically generated from consulting contracts, which are billed upfront as a percentage of the total revenue, with the balance billed upon completion. Contract liabilities are customer deposits for which revenue has not been recognized. Customer deposits are recorded as other current liabilities. When consideration is received from a customer prior to transferring goods or services to the customer under the terms of a contract, a contract liability is recorded as deferred revenue. Contract liabilities are recognized as revenue after control of the goods and services are transferred to the customer and all revenue recognition criteria have been met.

	<b>As at March 31, 2021</b>	<i>As at March 31, 2020</i>
Accounts receivable	<b>9,147,393</b>	8,994,914
Unbilled receivables (contract assets)	<b>4,266,368</b>	5,238,227
Deferred revenue (contract liabilities)	<b>41,743</b>	102,322
	<b>18,930,392</b>	18,968,651

**NOTE N - INCOME TAX**

The Company files a consolidated federal tax return as per regulations applicable to Chapter C corporations in the United States. The Company files combined state tax returns with its US subsidiaries in states where nexus is determined, and combined filing is required or permitted based on the state statutes. The Company approximates the amounts that would be reported if it was separately filing its tax return.

The components of the provision for income taxes are as follows:

	<b>As at March 31, 2021</b>	<i>As at March 31, 2020</i>
<b>Current taxes</b>		
Federal	<b>912,932</b>	—
State	<b>415,143</b>	31,772
<b>Deferred taxes</b>		
Federal	<b>422,307</b>	(1,168,999)
State	<b>54,470</b>	(286,129)
	<b>1,804,852</b>	(1,423,356)

**NOTES TO SEPARATE PARENT COMPANY FINANCIAL STATEMENTS (CONTD.)**

(All amounts in United State Dollars, unless otherwise stated)

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes are as follows:

	<b>For the year ended March 31, 2021</b>	<i>For the year ended March 31, 2020</i>
Income tax at federal rate	2,133,779	655,920
State tax, net of federal effect	465,468	(261,538)
Return to provision	16,653	(10,201)
Permanent differences	(824,527)	1,121
Change in net operating losses	13,479	(7,496)
Change in valuation allowance	-	(1,801,162)
<b>Total</b>	<b>1,804,852</b>	<b>(1,423,356)</b>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows:

	<b>As at March 31, 2021</b>	<i>As at March 31, 2020</i>
<b>Non-current deferred tax liabilities</b>		
Property and equipment	(2,10,367)	(164,329)
Acquired goodwill	(4,08,453)	(336,974)
<b>Total deferred tax liabilities</b>	<b>(618,820)</b>	<b>(501,303)</b>
<b>Non-current deferred tax assets</b>		
Identified intangibles	759,213	844,430
Net operating losses	35,057	637,303
Provision for rebate	22,597	9,436
Provision for bad debts	58,487	5,970
Operating lease adjustments	9,327	30,374
Accrued expenses	485,220	201,648
<b>Total</b>	<b>1,369,901</b>	<b>1,729,161</b>
Less: Valuation allowance	-	-
<b>Total deferred tax assets</b>	<b>1,369,901</b>	<b>1,729,161</b>
Net deferred taxes, before valuation allowance	1,159,534	1,564,832
Less: Deferred tax asset valuation allowance	-	-
Deferred tax liability - Goodwill	(408,453)	(336,974)
<b>Net deferred taxes</b>	<b>751,081</b>	<b>1,227,858</b>
<b>Components of net deferred taxes</b>		
Net non-current portion	1,159,534	1,564,832
Less: Deferred tax asset valuation allowance	-	-
<b>Net deferred tax asset</b>	<b>1,159,534</b>	<b>1,564,832</b>
Deferred tax liability - Goodwill	(408,453)	(336,974)
<b>Total</b>	<b>751,081</b>	<b>1,227,858</b>

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

Based on the profitability for the prior year and the current year, the management believes that it is more likely than not that the deferred tax assets will be realized during the foreseeable future and the Company has recognized net deferred tax asset of \$751,081 and \$1,227,858 as at March 31, 2021 and March 31, 2020 respectively.

**NOTES TO SEPARATE PARENT COMPANY FINANCIAL STATEMENTS (CONTD.)**

(All amounts in United State Dollars, unless otherwise stated)

The Company has federal net operating loss of \$ Nil and \$2,394,414 as at March 31, 2021 and March 31, 2020.

The Company has state net operating loss carryforwards of approximately \$794,030 and \$4,755,154 as at March 31, 2021 and March 31, 2020, which if unutilized will expire based on the statutes of various states.

**Accounting for uncertain tax position**

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at March 31, 2021 and March 31, 2020.

The tax years 2017 through 2019 remains subject to examination by the taxing authorities.

**NOTE O - RELATED PARTY TRANSACTIONS**

Where control exists

<b>No.</b>	<b>Name of the party</b>	<b>Nature of relationship</b>
1	L&T Technology Services Limited	Holding Company
2	Larsen & Toubro Limited	Ultimate Holding Company
3	L&T Infotech Limited	Group Company
4	Esencia Technologies, Inc.	Wholly owned subsidiary
5	Orchestra Technology, Inc.	Wholly owned subsidiary
6	L&T Technology Services (Canada) Limited	Wholly owned subsidiary

The Company had transactions in the ordinary course of business with the following related parties:

	<b>March 31, 2021</b>	<i>March 31, 2020</i>
<b>L&amp;T Technology Services Limited</b>		
<i>Transaction during the year</i>		
- Corporate guarantee charges*	<b>57,305</b>	75,704
- Expenses paid by the Company on our behalf	<b>703,581</b>	821,616
- Capital contribution in the Company	<b>11,000,000</b>	-
- Expenses paid on behalf of the Company	-	107,602
- Overheads charged by the Company	-	357,839
- Services availed by the Company	<b>102,375</b>	204,346
- Services rendered by the Company	<b>196,819</b>	264,977
- Sub-contracting expenses	<b>12,867,424</b>	10,192,574
- Sub-contracting revenue	<b>8,686,524</b>	7,340,050
<i>Balance</i>		
- Payable as at	<b>1,637,910</b>	4,976,222
<b>Larsen &amp; Toubro Limited</b>		
<i>Transaction during the year</i>		
- Performance guarantee charges**	<b>36,000</b>	36,000
<i>Balance</i>		
- Payable as at	<b>8,877</b>	70,951
<b>L&amp;T Infotech Limited</b>		
<i>Transaction during the year</i>		
- Expenses incurred on behalf of the Company	<b>31,186</b>	35,641
<i>Balance</i>		
- Receivable as at	<b>7,796</b>	28,351
<b>Esencia Technologies, Inc.</b>		
<i>Transaction during the year</i>		
- Dividend income	<b>4,600,000</b>	-
- Tax payments made by the Company	-	208,595

**NOTES TO SEPARATE PARENT COMPANY FINANCIAL STATEMENTS (CONTD.)**

(All amounts in United State Dollars, unless otherwise stated)

	<b>March 31, 2021</b>	<i>March 31, 2020</i>
- Sub-contracting revenue billed by the company	<b>1,734,917</b>	1,494,947
- Expenses paid on behalf of the company	<b>21,591</b>	-
- Sub-contracting charges incurred by the company	-	438,062
- Short term advances received	-	2,400,000
- Short term advances paid	<b>2,400,000</b>	-
<i>Balance</i>		
- Payable as at	-	2,468,117
- Receivable as at	<b>264,669</b>	-
<b>Orchestra Technology, Inc.</b>		
<i>Transaction during the year</i>		
- Expenses incurred on behalf of the company	<b>40,000</b>	-
- Sub-contracting charges incurred by the company	<b>119,998</b>	-
<i>Balance</i>		
- Payable as at	<b>159,998</b>	-
<b>L&amp;T Technology Services (Canada) Limited</b>		
<i>Transaction during the year</i>		
- Capital contributed by the Company	<b>5,000</b>	-

\*Corporate guarantee for line of credit: This is charged by L&T Technology Services Limited for guarantee provided and for arranging line of credit for the Company.

\*\*Performance guarantee for customer contract: Under one customer contract, performance guarantee is provided by Larsen & Toubro Limited on behalf of the Company.

**NOTE P - LEASES****General description of the lease**

The Company facilities and office space under operating leases which have non-cancellable terms.

**Non-lease components:** Leases that contain non-lease components are accounted for as a single component and recorded on the balance sheet for certain asset classes including equipment. Non-lease components include, but are not limited to, common area maintenance and service arrangements.

**Package of practical expedients:** The Company will not reassess whether any expired or existing contracts are leases or contain leases, the lease classification for any expired or existing leases or any initial direct costs for any expired or existing leases as of the transition date.

**Additional transition method:** The Company adopted the standard using a modified retrospective approach, applying the standard's transition provisions at the beginning of the period of adoption and maintain previous disclosure requirements for comparative periods.

The Company used the following policies and/or assumptions in evaluating the lease population:

**Lease determination:** The Company considers a contract to be or to contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.

**Discount rate:** When the lease contracts do not provide a readily determinable implicit rate, the Company uses the estimated incremental borrowing rate based on information available at the inception of the lease. The discount rate is determined by asset class.

**Variable payments:** The Company includes payments that are based on an index or rate within the calculation of right of use leased assets and lease liabilities, initially measured at the lease commencement date. There are variable payments in the nature of origination fees for office equipment, machinery and equipment and therefore are not treated as a part of lease payments.

**Purchase options:** Certain leases include options to purchase the office equipment. The depreciable life of assets are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

**Renewal options:** Most leases include one or more options to renew, with renewal terms that can extend the lease term from one or more years. The exercise of lease renewal options is at the Company's sole discretion.

**Residual value guarantees, restrictions, or covenants:** The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**Short-term leases:** Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term and expense the associated operating lease costs to administrative expenses on the statements of income.

The table below presents the classification of the leasing assets and liabilities.

**NOTES TO SEPARATE PARENT COMPANY FINANCIAL STATEMENTS (CONTD.)**

(All amounts in United State Dollars, unless otherwise stated)

<b>Leases</b>	<b>Financial statements classification</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
<b>Assets</b>			
Operating lease right-of-use assets	Non-current asset	1,163,388	1,222,174
<b>Liabilities</b>			
Operating lease liabilities	Non-current liabilities	794,379	790,728
	Current liabilities	349,170	472,405
		<b>1,143,549</b>	<b>1,263,133</b>

The components of total lease cost are as follows:

	<b>For the year ended March 31, 2021</b>	<i>For the year ended</i> March 31, 2020
Right of use asset amortization	540,886	426,106
Interest expenses	104,553	114,384
<b>Total</b>	<b>645,439</b>	<b>540,490</b>

The Company facilities and office space under operating leases which have non-cancellable terms through April 2025. Generally, the leases have optional renewal clauses to extend the terms of the various leases for periods ranging from 5 to 10 years, at the discretion of the Company. Future minimum payments under non-cancelable operating leases are as follows:

<b>Year ended March 31,</b>	<b>Amount (\$)</b>
2022	415,575
2023	340,387
2024	328,258
2025	186,763
2026	9,423
<b>Total minimum lease payments</b>	<b>1,280,406</b>
Less: imputed interest	136,857
<b>Operating lease liabilities</b>	<b>1,143,549</b>

	<b>Year ended March 31, 2021</b>
Weighted average remaining lease terms (years) – operating leases	<b>2 years</b>
Weighted average – discount rate	<b>7.60%</b>

**NOTE Q - CONCENTRATION OF CREDIT RISK**

The Company's service revenues are concentrated primarily with two customers which account for approximately 11% and 10% and 18% and 12% of total revenues for the year ended March 31, 2021 and year ended March 31, 2020, respectively. These customers accounted for 10% and 8% and 21% and 19% of the accounts receivable as at March 31, 2021 and March 31, 2020, respectively.

**NOTE R - RISKS AND UNCERTAINTIES**

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, but are not limited to: deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in sales; competitive factors, including but not limited to pricing pressures; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

**NOTE S - SUBSEQUENT EVENTS**

The management of the Company has evaluated the possible effect of COVID – 19 on the carrying amount of trade receivables, other assets and believes that the current COVID-19 scenario is not/will not materially impact the separate parent company financial statements for the year ended on March 31, 2021. The Company will continue to monitor developments to identify significant uncertainties surrounding COVID-19 and its impact on performance of the Company for future periods.

The Company evaluated all events and transactions that occurred after March 31, 2021 up through April 28, 2021, the date the separate parent company financial statements are issued. Based on the evaluation, there are no material effects of the same on the separate parent company financial statements as on April 28, 2021, that would require recognition or disclosure.

**BOARD REPORT (SECTION 134)**

Dear Members,

The Directors have pleasure in presenting their 8<sup>th</sup> Board Report and Audited Accounts for the year ended March 31, 2021.

**1. FINANCIAL RESULTS:**

Particulars	2020-21	2019-20
	₹	₹
Profit Before Depreciation, exceptional and extra ordinary items & Tax	10,447,559	95,219,502
Less: Depreciation, amortization, impairment and obsolescence	288,149	5,149,751
Profit before exceptional and extraordinary items and tax	10,159,410	90,069,751
Add: Exceptional Items	-	-
Profit / (Loss) before tax	10,159,410	90,069,751
Less: Provision for tax	2,909,278	20,716,215
Profit for the period carried to the Balance Sheet	7,250,132	69,353,536
Add: Balance brought forward from previous year	18,46,95,856	116,387,153
Less: IND AS 116 Impact	-	(10,44,833)
Less: Dividend paid for the previous year (Including dividend distribution tax)	(180,398,736)	-
Add: Gain / (Loss) on re-measurement of the net defined benefit plans	-	-
Balance available for disposal (which the Directors appropriate as follows)	11,547,252	184,695,856
Debt Redemption Reserve	0	0
Balance carried to Balance Sheet	11,547,252	184,695,856

**2. STATE OF COMPANY AFFAIRS:**

The gross sales and other income for the financial year under review were ₹ 12,621,471 as against ₹ 485,727,703 for the previous financial year registering a decrease of 97.40%. The profit before tax from continuing operations including extraordinary and exceptional items was ₹ 10,159,410 and the profit after tax from continuing operations including extraordinary and exceptional items was ₹ 7,250,132 for the financial year under review as against ₹ 90,069,751 and ₹ 69,353,536 respectively for the previous financial year, registering a decrease of 88.72% and 89.55% respectively.

**COVID-19 UPDATES**

The Company implemented safety and hygiene protocols like wearing of face masks, social distancing norms, workplace sanitation and employee awareness programs at all its plants and establishments. The protocols are regularly reviewed and updated based on revisions in guidelines received from authorities concerned from time to time.

Post business transfer which was carried in FY 2019-20 by the Company, there is no ongoing business operations. Hence the Company does not foresee any impact of Covid-19 during the year under review.

**3. CAPITAL & FINANCE:**

As on the March 31, 2021, the total paid up equity share capital of the Company was ₹ 14,317,360/- consisting of 1,431,736 equity shares of ₹ 10/- each, fully paid up.

**4. CAPITAL EXPENDITURE:**

As at March 31, 2021 the gross fixed and intangible assets including leased assets, stood at ₹ NIL and the net fixed and intangible assets, including leased assets, at ₹ NIL. Addition to gross block during the year amounted to ₹ NIL. Capital Expenditure during the year amounted to ₹ NIL.

**5. DEPOSITS:**

The Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

**6. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

The Company has disclosed the full particulars of the loans given, investments made or guarantees given or security provided as required under Section 186 of the Companies Act, 2013 in Note 6 forming part of the financial statements.

**7. PARTICULARS OF CONTRACT OR ARRANGEMENT WITH RELATED PARTIES:**

All the related party transactions were in the ordinary course of business and at arm's length. The Board has approved all the related party transactions for the FY 2020-21 as required under the provisions of Section 177 of the Companies Act, 2013.

There are no materially significant related party transactions that may have conflict with the interest of the Company.

**8. AMOUNT TO BE CARRIED TO RESERVE:**

The Company has not transferred any amount to reserves.

**9. DIVIDEND:**

The Board of Directors has not declared any dividend for the financial year under review.

**10. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:**

There are no material changes that have taken place in the Company between the date of Balance Sheet and the date of Director's Report.

**11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**(A) Conservation of energy:**

The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity and is not included under the list of industries which should furnish information as per Rule 8 Companies (Accounts) Rules, 2014.

**(B) Technology absorption: Nil**

The Company being Technology driven, has always adopted the latest technology trends and best practice.

**(C) Foreign exchange earnings and outgo:**

The total foreign exchange earned and used for the period under review is as under:

Particulars	In ₹ Mn
Foreign exchange earned	0.681
Foreign exchange used	0.025

**12. RISK MANAGEMENT POLICY:**

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization initiatives undertaken. It also periodically reviews the risk to ensure that executive management controls risk by means of a properly designed framework.

**13. CORPORATE SOCIAL RESPONSIBILITY:**

The Corporate Social Responsibility (CSR) Committee comprises of three Non-Executive Directors. The current members of the CSR Committee are Mr. Rajeev Gupta, Mr. Amit Chadha and Mr. Bhanu Prasad Gopalam. Mr. Rajeev Gupta is the Chairman of the Committee.

The disclosures required to be given under Section 135 of the Companies Act, 2013 read with rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in Annexure 'A' to this report.

The Finance Head of the Company has certified that CSR funds so disbursed for the projects have been utilized for the purposes and in the manner as approved by the Board.

**14. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:**

Mr. Rajeev Gupta, Mr. Amit Chadha and Mr. Bhanu Gopalam are the current Directors of the Company.

**A. Appointment of Directors:**

During the year under review, Mr. Rajeev Gupta was appointed as a Director of the Company w.e.f. July 20, 2020.

**B. Resignation of Directors:**

During the year under review, Mr. P. Ramakrishnan ceased to be a Director of the Company w.e.f. July 20, 2020.

The Board places on record its appreciation for the services rendered by Mr. P. Ramakrishnan during his tenure of directorship.

The notice convening the Annual General Meeting includes the proposal for re-appointment of Directors who are liable to retire by rotation.

**15. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:**

The Meetings of the Board are held at regular intervals.

During the year under review 4 meetings were held on May 12, 2020, July 11, 2020, October 15, 2020 and January 19, 2021.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

**16. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:**

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2021, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

**17. DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors of the Company confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and profit of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

**18. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS:**

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

**19. PROTECTION OF WOMEN AT WORKPLACE:**

The parent company L&T Technology Services Limited has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. There were no cases of sexual harassment received in the Company during 2020-21.

**20. AUDITORS REPORT:**

The Auditors report to the shareholders does not contain any qualification, observation or comment or remark(s) which has/have an adverse effect on the functioning of the Company.

The Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

**21. AUDITORS:**

The Auditors, M/s V G Bode & Co. (Firm registration number 006743S) were appointed as Statutory Auditors for a period of three continuous years from the conclusion of 5<sup>th</sup> AGM till the conclusion of 8<sup>th</sup> AGM.

The notice convening the 8<sup>th</sup> AGM includes the proposal for re-appointment of Auditors for a further term of five years. The Auditors have confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India (ICAI) and hold valid certificate issued by the Peer Review Board of the ICAI.

The Auditors have also furnished a declaration confirming their independence as well as their arm's length relationship with the Company as well as declared that, they have not taken up any prohibited non-audit assignments for the Company.

Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company and their re-appointment would be within the limits as prescribed under section 141 of the Companies Act, 2013.

**22. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:**

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

**23. ACKNOWLEDGEMENT:**

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities and all the various stakeholders for their continued co-operation and support to the Company.

For and on the behalf of the Board

**MR. BHANU PRASAD GOPALAM**

*Director*  
(DIN: 08264739)

*Place: United States of America*

*Date: April 30, 2021*

**MR. RAJEEV GUPTA**

*Director*  
(DIN: 06782710)

*Place: Mumbai, India*

*Date: April 30, 2021*

**LIST OF ANNEXURES : -**

Annexure A – Annual Report on Corporate Social Responsibility (CSR) Activities

## ANNEXURE A

### ANNUAL REPORT ON CSR ACTIVITIES

**1. Brief outline on CSR Policy of the Company:**

The 'CSR Policy' of the Company is based on the following focus areas: -

- Water Conservation & Purification
- Education and Skill building
- Health
- Environment
- Innovation and Technology

While the focus of CSR efforts will be in the areas mentioned above, the Company however is planning the projects and may also undertake projects where societal needs are high or in special situations (such as in the case of natural disasters etc.).

**2. Composition of CSR Committee:**

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year**	Number of meetings of CSR Committee attended during the year**
1	Rajeev Gupta*	Chairman/Non-Executive Director	0	0
2	Amit Chadha	Member/Non-Executive Director	0	0
3	Bhanu Gopalam	Member/Non-Executive Director	0	0

\*Appointed as a Chairman w.e.f. October 15, 2020

\*\*The necessary approvals from CSR Committee were taken through circular resolution

**3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:** Not Applicable

**4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):** Not Applicable

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:** Not Applicable

**6. Average net profit of the Company as per section 135(5):** ₹ 69,491,325

**7. (a) Two percent of average net profit of the Company as per section 135(5):** ₹ 13,89,827

**(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** Nil

**(c) Amount required to be set off for the financial year if any:** Nil

**(d) Total CSR obligation for the financial year:** ₹ 13,89,827 (7a+7b-7c).

**8. (a) CSR amount spent for the financial year:**

Total Amount Spent for the Financial Year.(in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
₹ 14,00,000	NIL	NA	None	NIL	NA

**(b) Details of CSR amount spent against ongoing projects for the financial year:** Not Applicable

**(c) Details of CSR amount spent against other than ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in ₹).	Mode of implementation- Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.	Donation to Bowring Hospital for purchase of equipment	(i)	Yes	Karnataka	Bangalore	₹ 14,00,000	Yes	NA	NA
	<b>TOTAL</b>					<b>₹ 14,00,000</b>			

- (d) **Amount spent in Administrative Overheads:** NIL  
 (e) **Amount spent on Impact Assessment, if applicable:** Not Applicable  
 (f) **Total amount spent for the Financial Year:** ₹ 14,00,000 (8b+8c+8d+8e)  
 (g) **Excess amount for set off, if any**

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	<b>13,89,827</b>
(ii)	Total amount spent for the Financial Year	<b>14,00,000</b>
(iii)	Excess amount spent for the financial year [(ii)-(i)]	<b>10,713</b>
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	<b>10,713</b>

9. (a) **Details of Unspent CSR amount for the preceding three financial years:** Not Applicable  
 (b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):** Not Applicable  
 10. **There is no case of creation or acquisition of capital asset created or acquired through CSR spent in the financial year.**  
 11. **Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5):** Not Applicable

Sd/-

**MR. BHANU PRASAD GOPALAM**  
 (Director)

Sd/-

**MR. RAJEEV GUPTA**  
 (Chairman CSR Committee)

## **INDEPENDENT AUDITOR'S REPORT**

TO THE MEMBERS OF  
M/S. GRAPHENE SEMICONDUCTOR SERVICES PRIVATE LIMITED

### **Report on the standalone Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of **GRAPHENE SEMICONDUCTOR SERVICES PRIVATE LIMITED** ("the Company"), which comprise the balance sheet as at 31 March 2021, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ("the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ('the Act'). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Information other than the financial statements and auditor's report thereon**

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the board's report including annexures thereto, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibility of Management for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the Ind AS and accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

#### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in the aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the IND Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31st March, 2021 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**V G BODE & CO**  
*Chartered Accountants*  
(Firm's registration number: 006743S)

**SAROJA BHAT**  
*Partner*  
Membership Number: 221580  
UDIN: 21221580AAAAAD4738

Place: Bangalore  
Date: 30-04-2021

**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1. under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

- i.
  - a) The Company does not hold any fixed assets for the period and accordingly, paragraph 3(i)(a) of the Order is not applicable to the Company.
  - b) The Company does not hold any fixed assets for the period and accordingly, paragraph 3(i)(b) of the Order is not applicable to the Company.
  - c) The Company does not hold any immovable properties. Accordingly, paragraph 3(i) (c) of the Order is not applicable to the Company.
- ii. The Company does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, Paragraph 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a company in which the director is interested to which provisions of section 185 of the Companies Act, 2013 apply and hence not commented upon. Provisions of section 186 of the Companies Act 2013 in respect of loans and advances given, investments made and guarantees and securities given have been complied with by the Company.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit during the year and hence compliance with the requirement of Clause (v) is not applicable to the Company.
- vi. According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 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) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, goods and service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of duty of customs, employee's state insurance.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income-tax, Sales Tax, Service Tax, GST, Value Added Tax, Duty of Customs and other material statutory dues in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.
  - (c) There were no dues of Income tax, Sales tax, Goods and Service tax, Duty of customs, Duty of excise and Value added tax as at 31st March 2021, which have not been deposited with the appropriate authorities on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans and borrowings to banks and financial institutions. The Company did not have any loans or borrowings from any government, There are no debenture holders during the year.
- ix. In our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and has not obtained any term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- x. 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 managerial remuneration during the year. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on the our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment or private placement of shares, or fully or partly convertible debentures during the year under review. Accordingly, reporting requirements under clause 3(xiv) are not applicable to the Company and, hence, not commented upon.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- 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. Accordingly, paragraph 3(xvi) of the Order is not applicable.

**V G BODE & CO**

Chartered Accountants

(Firm's registration number: 006743S)

**SAROJA BHAT**

Partner

Membership Number: 221580

UDIN: 21221580AAAAAD4738

Place: BANGALORE

Date: 30-04-2021

## **“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF GRAPHENE SEMICONDUCTOR SERVICES PRIVATE LIMITED**

### **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)**

We have audited the internal financial controls over financial reporting of GRAPHENE SEMICONDUCTOR SERVICES PRIVATE LIMITED (“the Company”) as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, 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.

#### **AUDITORS’ RESPONSIBILITY**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **OPINION**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **V G BODE & CO**  
Chartered Accountants  
(Firm’s registration number: 006743S)

**SAROJA BHAT**  
Partner  
(Membership number: 221580)

Place: Bangalore  
Date: 30-04-2021

**BALANCE SHEET AS AT MARCH 31, 2021**

Particulars	Note No.	As at 31-03-2021 ₹	As at 31-03-2020 ₹
<b>ASSETS:</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment		-	-
(b) Right-of-Use Assets	3	-	288,145
(c) Capital work-in-progress		-	-
(d) Goodwill		-	-
(e) Other intangible assets		-	-
(f) Financial assets		-	-
(i) Investments		-	-
(ii) Other financial assets		-	-
(g) Deferred tax assets (net)	4	-	34,583
(h) Other non current assets	5	4,679,876	69,509,813
<b>Total non-current assets</b>		<b>4,679,876</b>	<b>69,832,541</b>
<b>II. Current assets</b>			
(a) Financial assets		-	-
(i) Investments	6	72,325,000	-
(ii) Trade receivables	7	-	21,358,517
(iii) Cash and cash equivalents	8	32,569,807	4,913,097
(iv) Other bank balances		-	-
(v) Loans	9	-	239,481,834
(vi) Other financial assets	10	1,146,909	3,540,000
(b) Other current assets	11	1,219,983	3,789,195
<b>Total current assets</b>		<b>107,261,699</b>	<b>273,082,643</b>
<b>TOTAL ASSETS</b>		<b>111,941,574</b>	<b>342,915,184</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>I. Equity</b>			
(a) Equity share capital	12	14,317,360	14,317,360
(b) Other equity	13	94,083,542	267,232,146
<b>Total equity</b>		<b>108,400,902</b>	<b>281,549,506</b>
<b>II. Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities		-	-
(i) Lease liability - non-current		-	-
(ii) Other financial liabilities		-	-
(b) Deferred tax liabilities (Net)	4	170,998	-
<b>Total non-current liabilities</b>		<b>170,998</b>	<b>-</b>
<b>Current liabilities</b>			
(a) Financial liabilities		-	-
(i) Short-term borrowings		-	-
(ii) Trade payables		-	-
Due to micro enterprises and small enterprises		-	-
Due to others	14	3,005,781	60,685,730
(iii) Lease liability - current		-	425,563
(iv) Other financial liabilities	15	363,893	15,501
(b) Other current liabilities	16	-	238,884
(c) Provisions		-	-
(d) Current tax liabilities (net)		-	-
<b>Total current liabilities</b>		<b>3,369,674</b>	<b>61,365,678</b>
<b>Total liabilities</b>		<b>3,540,672</b>	<b>61,365,678</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>111,941,574</b>	<b>342,915,184</b>
Notes forming part of the financial statements	1-36		

As per our report attached  
**V G BODE & CO**  
Chartered Accountants  
Firm's registration no. 006743S  
By the hand of

For and on behalf of the Board of Directors of  
**Graphene Semiconductor Services Private Limited**

**SAROJA BHAT**  
Proprietor  
Membership no. 221580

**RAJEEV GUPTA**  
Director  
DIN : 06782710

**BHANU PRASAD GOPALAM**  
Director  
DIN : 08264739

Place: Bangalore  
Date: April 30, 2021

Place: Mumbai  
Date: April 30, 2021

Place: United States of America  
Date: April 30, 2021

**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED ON MARCH 31, 2021**

Particulars	Note No.	Year Ended	Year ended
		31-03-2021	31-03-2020
		₹	₹
I. Revenue from operations	17	–	462,988,638
II. Other income (net)	18	12,621,471	22,739,066
III. <b>Total income</b>		<b>12,621,471</b>	<b>485,727,703</b>
IV. <b>Expenses:</b>			
(a) Employee benefit expenses	19	–	289,788,996
(b) Depreciation and amortisation expenses		288,149	5,149,751
(c) Other expenses	20	2,170,989	99,308,450
(d) Finance costs	21	2,923	1,410,756
<b>Total expenses</b>		<b>2,462,061</b>	<b>395,657,953</b>
V. <b>Profit before tax (III - IV)</b>		<b>10,159,410</b>	<b>90,069,751</b>
VI. <b>Tax expense:</b>			
(a) Current tax		2,703,695	19,854,708
(b) Tax Adjustments of prior years		–	694,960
(c) Deferred tax		205,583	166,547
<b>Total tax expense</b>	22	<b>2,909,278</b>	<b>20,716,215</b>
VII. <b>Profit for the year (V - VI)</b>		<b>7,250,132</b>	<b>69,353,536</b>
VIII. Other comprehensive income			
(A) (i) Items that will not be reclassified to the statement of profit and loss			
(a) Remeasurement of the defined benefit plans		–	–
(b) Income tax on remeasurement of the defined benefit plans		–	–
(B) (i) Items that will be reclassified subsequently to the statement of profit or loss			
(a) Effective portion of gains and losses on hedging instruments in a cash flow hedge		–	–
(b) Income tax on effective portion of gains and losses on hedging instruments in a cash flow hedge		–	–
(ii) Income tax relating to items that will be reclassified subsequently to the statement of profit or loss		–	–
<b>Total other comprehensive income (net of tax)</b>		<b>–</b>	<b>–</b>
IX. <b>Total comprehensive income for the year</b>		<b>7,250,132</b>	<b>69,353,536</b>
X. <b>Earnings per equity share</b>	23		
Equity share of face value of ₹ 10 each			
- Basic (₹)		5.06	48.44
- Diluted (₹)		5.06	48.44
XI. Notes forming part of the financial statements	1-36		

As per our report attached  
**V G BODE & CO**  
Chartered Accountants  
Firm's registration no. 006743S  
By the hand of

**SAROJA BHAT**  
Proprietor  
Membership no. 221580

Place: Bangalore  
Date: April 30, 2021

For and on behalf of the Board of Directors of  
**Graphene Semiconductor Services Private Limited**

**RAJEEV GUPTA**  
Director  
DIN : 06782710

Place: Mumbai  
Date: April 30, 2021

**BHANU PRASAD GOPALAM**  
Director  
DIN : 08264739

Place: United States of America  
Date: April 30, 2021

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021**

	Year Ended 31-03-2021 ₹	Year ended 31-03-2020 ₹
<b>A. Cash flow from operating activities:</b>		
Profit before tax	10,159,410	90,069,751
<b>Adjustments for:</b>		
Depreciation and amortisation	288,149	5,149,751
Interest received	(11,604,648)	(4,847,482)
Interest paid	2,923	1,410,756
Exchange difference on items grouped under financing/investing activities	-	(1,171,433)
Profit on sale of investments (net)	-	(15,081,440)
<b>Operating profit before working capital changes</b>	<b>(1,154,166)</b>	<b>75,529,903</b>
<b>Changes in working capital</b>		
(Increase)/decrease in trade and other receivables	21,358,517	(71,904,221)
(Increase)/decrease in other receivables	244,444,134	(310,940,857)
Increase/(decrease) in trade and other payables	(57,996,006)	120,732,915
<b>(Increase)/decrease in working capital</b>	<b>207,806,645</b>	<b>(262,112,163)</b>
<b>Cash generated from operations</b>	<b>206,652,479</b>	<b>(186,582,261)</b>
Direct taxes paid	62,126,242	(59,255,304)
<b>Net cash (used in)/from operating activities</b>	<b>268,778,721</b>	<b>(245,837,565)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangibles	-	(310,001)
Interest received	11,604,648	4,847,482
Investment in mutual funds	(72,325,000)	-
Disinvestment of stake in subsidiaries	-	33,651,506
Proceeds from slump sale	-	205,830,328
<b>Net cash (used in)/from investing activities</b>	<b>(60,720,352)</b>	<b>244,019,315</b>
<b>C. Cash flow from financing activities</b>		
Interest paid	(2,923)	(1,410,756)
Dividend paid	(180,398,736)	-
<b>Net cash (used in) / from financing activities</b>	<b>(180,401,659)</b>	<b>(1,410,756)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>27,656,710</b>	<b>(3,229,006)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>4,913,097</b>	<b>8,142,103</b>
<b>Cash and cash equivalents at end of the year</b>	<b>32,569,807</b>	<b>4,913,097</b>

**Notes:**

- Statement of cash flows has been prepared under the indirect method as set out in the IndAS 7 "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.
- Purchase of fixed assets represents additions to property, plant and equipment and other intangible assets adjusted for movement of capital work-in-progress of (a) capital work-in-progress for property, plant and equipment and (b) intangible assets under development during the year.

As per our report attached  
**V G BODE & CO**  
 Chartered Accountants  
 Firm's registration no. 006743S  
 By the hand of

For and on behalf of the Board of Directors of  
**Graphene Semiconductor Services Private Limited**

**SAROJA BHAT**  
 Proprietor  
 Membership no. 221580

**RAJEEV GUPTA**  
 Director  
 DIN : 06782710

**BHANU PRASAD GOPALAM**  
 Director  
 DIN : 08264739

Place: Bangalore  
 Date: April 30, 2021

Place: Mumbai  
 Date: April 30, 2021

Place: United States of America  
 Date: April 30, 2021

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

### A. EQUITY SHARE CAPITAL

Particulars	01.04.20 to 31.03.21	
	Number of shares	₹
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	1,431,736	14,317,360
Add/(Less): Shares issued on exercise of employee stock options during the year	—	—
Add/(Less): Reorganization of share capital, reduction of face value	—	—
Add/(Less): Fresh issue of equity shares	—	—
<b>Issued, subscribed and fully paid up equity shares outstanding at the end of the year</b>	<b>1,431,736</b>	<b>14,317,360</b>

### B. OTHER EQUITY

Particulars	Other Equity				Total
	Reserves & Surplus			Items of other comprehensive income	
	Securities premium reserve	Capital Reserve	Retained earnings	Other items of other comprehensive income	
Opening Balance	82,536,290	—	184,695,856	—	267,232,146
Impact of Ind AS 116	—	—	—	—	—
Profit for the year (a)	—	—	7,250,132	—	7,250,132
Other comprehensive income (net of taxes) (b)	—	—	—	—	—
<b>Total comprehensive income for the year (a+b)</b>	<b>—</b>	<b>—</b>	<b>7,250,132</b>	<b>—</b>	<b>7,250,132</b>
Dividends	—	—	(180,398,736)	—	(180,398,736)
Addition/(deduction) during the year	—	—	—	—	—
<b>Closing Balance</b>	<b>82,536,290</b>	<b>—</b>	<b>11,547,252</b>	<b>—</b>	<b>94,083,542</b>

As per our report attached  
**V G BODE & CO**  
 Chartered Accountants  
 Firm's registration no. 006743S  
 By the hand of

For and on behalf of the Board of Directors of  
**Graphene Semiconductor Services Private Limited**

**SAROJA BHAT**  
 Proprietor  
 Membership no. 221580

**RAJEEV GUPTA**  
 Director  
 DIN : 06782710

**BHANU PRASAD GOPALAM**  
 Director  
 DIN : 08264739

Place: Bangalore  
 Date: April 30, 2021

Place: Mumbai  
 Date: April 30, 2021

Place: United States of America  
 Date: April 30, 2021

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

Graphene Semiconductor Services Private Limited is a private company incorporated and domiciled in India and has its registered office #8/2 & 9, The Hub, Unit 1 Rear Wing, Sarjapura Main Road, Ambalipura Village, Bengaluru 560103.

As at March 31, 2021, L&T Technology Services Limited, the holding company, owns 100% of the Company's equity share capital.

The financial statements of the Company for the year ended March 31, 2021 were approved for issue by the Board of Directors on April 30, 2021.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### a) Statement of compliance

These financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment.

#### b) Basis of accounting

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard required a change in the accounting policy hitherto in use.

#### c) Presentation of financial statements

The balance sheet and the statement of profit and loss are prepared in the format prescribed in the schedule III to the Act. The statement of cash flows has been prepared under indirect method and presented as per the requirements of Ind AS 7 "Cash Flow Statements". The disclosure requirements with respect to items in balance sheet and statement of profit and loss, as prescribed in the schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Ind AS.

#### d) Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the project/contract/service and extends up to the realization of receivables within the credit period normally applicable to the respective lines of business.

#### e) Other income

- a. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.
- b. Dividend income is accounted in the period in which the right to receive the same is established.
- c. Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

#### f) Impairment of assets

##### (i) Trade receivables

The Company assesses at each date of statement of financial position whether a financial assets or group of financial assets is impaired. In accordance with IndAS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. As a practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivables. ECL impairment loss allowances (or reversal) recognized during the period is recognized as an expense/income respectively in the statement of profit and loss. Provision for ECL is presented as deduction from carrying amount of trade receivables.

##### (ii) Non-financial assets

##### Tangible and intangible assets

Property, plant and equipment and intangible assets (other than goodwill) are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

#### g) Leases

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value

**NOTES FORMING PART OF FINANCIAL STATEMENTS (CONTD.)**

leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

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 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. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts.

The company has elected not to apply the requirements of Ind AS 116 leases to short-term leases where lease term is 12 months or less and leases for which the underlying asset is of low value. The lease payments related to these leases are recognised as an expense.

**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 annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised 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 recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019 to the extent of ₹ 10,44,832.

The details of the right-of-use asset held by the Company is as follows:

Particulars	Additions for year ended March 31, 2021	As at March 31, 2021
Buildings	-	-

Depreciation on right-of-use assets is as follows:

Particulars	For the Year ended March 31, 2021
Buildings	2,88,145

Interest on lease liabilities is ₹ 2,923 for the year ended March 31, 2021.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course.

**h) Financial instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

**(i) Non-derivative financial assets****a. Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are represented by trade receivables, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

**i) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other deposits with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**j) Securities premium account****(i) Securities premium includes:**

a. Any share issued for consideration over and above face value.

b. The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to the Company's stock options scheme.

(ii) The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

**NOTES FORMING PART OF FINANCIAL STATEMENTS (CONTD.)****k) Borrowing costs**

Borrowing costs include interest expense and exchange differences arising on foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

**l) Foreign currencies**

The functional currency of the Company is Indian rupee (₹).

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

**m) Income-tax**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognized in statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

**Current income taxes**

The current income tax expense includes income taxes payable by the Company.

Provision for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intend to settle the asset and liability on a net basis.

**Deferred income taxes**

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

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

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

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company recognizes interest levied related to income tax assessments in interest expenses.

**n) Provisions, contingent liabilities and contingent assets**

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- i) The Company has a present obligation as a result of a past event;
- ii) A probable outflow of resources is expected to settle the obligation; and
- iii) The amount of the obligation can be reliably estimated

Contingent liability is disclosed in the case of

- i) A present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or
- ii) A possible obligation unless the probability of outflow of resources is remote

Contingent assets are neither recognized nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

**o) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**p) Use of estimates and judgements**

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, and future periods are affected.

**NOTES FORMING PART OF FINANCIAL STATEMENTS (CONTD.)**

**q) Earnings per equity share**

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average numbers of the equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and the weighted average number of equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

**r) Impact of Covid-19**

Post business transfer which was carried in FY 2019-20, there is no ongoing business operations. Hence the company does not foresee any impact of Covid-19. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

**3 PROPERTY, PLANT AND EQUIPMENT**

₹

Particulars	Gross block			Depreciation/amortisation			Net block as at	
	As at 01-04-2020	Additions	As at 31-03-2021	As at 01-04-2020	For the Period	As at 31-03-2021	As at 01-04-2020	As at 31-03-2021
Right to use	3,745,933	–	3,745,933	3,457,788	288,145	3,745,933	288,145	–
<b>Total</b>	<b>3,745,933</b>	<b>–</b>	<b>3,745,933</b>	<b>3,457,788</b>	<b>288,145</b>	<b>3,745,933</b>	<b>288,145</b>	<b>–</b>

**4 DEFERRED TAX ASSETS (NET)**

₹

Particulars	DTL/(DTA)	Charge / (Credit) to P & L	DTL/(DTA)
	As at 01-04-2020		As at 31-03-2021
Temporary difference on account of IND-AS 116 Adjustment	(34,583)	34,583	–
Capital Gain/loss on Investments	–	170,998	170,998
	(34,583)	205,581	170,998

**5 OTHER NON-CURRENT ASSETS**

Income tax receivable (net)

	As at 31-03-2021	As at 31-03-2020
	₹	₹
	<u>4,679,876</u>	<u>69,509,813</u>
	<u>4,679,876</u>	<u>69,509,813</u>

**6 INVESTMENTS**

Investment in Mutual Funds

	<u>72,325,000</u>	–
	<u>72,325,000</u>	–

**7 TRADE RECEIVABLES**

**Current**

Unsecured, considered good

Considered doubtful

	–	21,358,517
	–	–
	–	21,358,517
	–	–
	–	21,358,517

Less: Allowance for bad and doubtful debt

	–	–
	–	21,358,517

**8 CASH AND CASH EQUIVALENTS**

Balances with banks

Cash on hand

	<u>32,569,807</u>	4,905,083
	–	8,014
	<u>32,569,807</u>	<u>4,913,097</u>

**9 LOANS**

**Current**

Intercorporate deposits with related parties

	–	239,481,834
	–	239,481,834

**NOTES FORMING PART OF FINANCIAL STATEMENTS (CONTD.)**

	As at 31-03-2021	As at 31-03-2020
	₹	₹
<b>10 OTHER FINANCIAL ASSETS</b>		
Current		
Security deposits	-	3,525,000
Loans and advances to related parties	1,146,909	-
Other receivables	-	15,000
	<u>1,146,909</u>	<u>3,540,000</u>
<b>11 OTHER CURRENT ASSETS</b>		
Other receivables	164,707	408,956
GST recoverable	1,055,276	3,380,238.32
	<u>1,219,983</u>	<u>3,789,195</u>
<b>12 EQUITY SHARE CAPITAL</b>		
<b>12.1 Authorised :</b>		
20,57,000 Equity Shares of ₹ 10/- each	20,570,000	20,570,000
4,94,300 0.10% Preference Shares of ₹ 100/- each	49,430,000	49,430,000
	<u>70,000,000</u>	<u>70,000,000</u>
<b>12.2 Issued, subscribed and fully paid up</b>		
Issued, subscribed and fully paid up equity shares outstanding at the end of the year [1431736 equity shares of ₹ 10 each]	14,317,360	14,317,360
<b>Total issued, subscribed and paid up capital</b>	<u>14,317,360</u>	<u>14,317,360</u>
<b>13 OTHER EQUITY</b>		
Securities premium account [note 2(v)]	82,536,290	82,536,290
Retained earnings	11,547,252	114,717,016
	<u>94,083,542</u>	<u>198,923,442</u>
<b>14 TRADE PAYABLE</b>		
Due to related parties	2,609,322	58,325,386
Due to others	396,459	2,360,345
	<u>3,005,781</u>	<u>60,685,731</u>
<b>15 OTHER FINANCIAL LIABILITIES</b>		
Due to others		
Lease liability	-	425,563
Other payables	363,893	15,501
	<u>363,893</u>	<u>441,064</u>
<b>16 OTHER CURRENT LIABILITIES</b>		
Statutory tax payable	-	238,884
	<u>-</u>	<u>238,884</u>
	<u>Year Ended on</u>	<u>Year Ended on</u>
	<u>31-03-2021</u>	<u>31-03-2020</u>
	₹	₹
<b>INCOME</b>		
<b>17 REVENUE FROM OPERATIONS</b>		
Engineering and technology services	-	462,988,638
	<u>-</u>	<u>462,988,638</u>

**NOTES FORMING PART OF FINANCIAL STATEMENTS (CONTD.)**

	Year Ended on 31-03-2021 ₹	Year Ended on 31-03-2020 ₹
<b>18 OTHER INCOME</b>		
Foreign exchange gain/ (loss)	37,486	713,977
Dividend income and gain/(loss) from mutual fund investments (measured at fair value through profit and loss)	679,426	76,589
Interest received	11,613,487	-
Miscellaneous income	291,072	6,867,058
	<u>12,621,471</u>	<u>22,739,066</u>
<b>EXPENSES</b>		
<b>19 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries including overseas staff expenses	-	278,645,879
Contribution to and provision for:		
Contribution to provident and pension fund	-	7,841,319
Contribution to gratuity fund	-	1,090,691
Staff welfare expenses	-	2,211,107
	<u>-</u>	<u>289,788,996</u>
<b>20 OTHER EXPENSES</b>		
Subcontracting and component charges	-	32,460,825
Cost of computer software	-	5,577,017
Travelling and conveyance	-	4,067,581
Rent and establishment expenses	-	964,009
Telephone, postage and other communication charges	73,594	790,380
Legal and professional charges	611,143	409,796
Advertisement and sales promotion expenses	-	1,100
Recruitment expenses	-	39,562,517
Repairs to buildings & machineries	30,648	652,016
General repairs and maintenance	-	480,078
Power and fuel	-	760,958
Insurance charges	-	1,037,895
Rates and taxes	7,103	172,847
Allowances for doubtful debts on trade receivable	-	448,261
Overheads charged by group companies	-	9,330,921
Corporate social responsibility expenditure	1,400,000	935,788
Miscellaneous expenses	48,501	1,656,461
	<u>2,170,989</u>	<u>99,308,450</u>
<b>21 FINANCE COSTS</b>		
Interest on lease liability	2,923	262,390
	<u>2,923</u>	<u>1,410,756</u>
<b>DEPRECIATION</b>		
Depreciation	288,149	5,149,751
Amortisation	-	-
	<u>288,149</u>	<u>5,149,751</u>
<b>22 PROVISION FOR TAXATION</b>		
Current tax	2,703,695	19,854,708
Tax Adjustments of prior years	-	694,960
Deferred tax	205,583	166,547
	<u>2,909,278</u>	<u>20,716,215</u>

**NOTES FORMING PART OF FINANCIAL STATEMENTS (CONTD.)**

	Year Ended on 31-03-2021 ₹	Year Ended on 31-03-2020 ₹
<b>23 BASIC EARNING PER EQUITY SHARE</b>		
Profit attributable to equity shareholders	7,250,132	69,353,536
Weighted average no. of equity shares outstanding	1,431,736	1,431,736
Basic EPS	5.06	48.44
Diluted		
Profit after tax	7,250,132	69,353,536
Less: Dividend on preference shares	-	-
Less: Tax on dividend	-	-
Profit attributable to equity shareholders	7,250,132	69,353,536
Weighted average no. of equity shares outstanding	1,431,736	1,431,736
Add - No. of potential equity shares	-	-
Weighted average no. of equity shares outstanding	1,431,736	1,431,736
Diluted EPS	5.06	48.44
<b>24 DETAILS OF PAYMENT TO AUDITORS</b>		
<b>Payment to auditors (net of taxes)</b>		
<b>As auditor:</b>		
Audit fee	25,000.00	65,000.00
Taxation matters	-	-
Company law matters	-	-
Other services :		
- Limited review	-	-
- Other services including certification work	-	22,500.00
Re-imbusement of expenses	-	-
	<u>25,000.00</u>	<u>87,500.00</u>

**25 CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE**

- a) As per section 135 of the Act, a company meeting the applicability threshold, needs to spend atleast 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility ('CSR') activities. The Company's CSR ambit covers skill development, innovation & technology, water, health & education, and environment and it is continuously investing in welfare initiatives and programmes to provide support to people in the communities where the Company has presence. A CSR committee has been formed by the Company as per the Act.
- b) Amount required to be spent by the Company on CSR related activities during the year is ₹ 14,00,000.
- c) Amount spent during the year: (₹)

Particulars	Year ended 31-03-2021			Year ended 31-03-2020		
	In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-	-	-	-
ii) On purposes other than (i) above (disclosed under note 23 - other expenses)	1,400,000	-	1,400,000	935,788	-	935,788
<b>Total</b>	<b>1,400,000</b>	<b>-</b>	<b>1,400,000</b>	<b>935,788</b>	<b>-</b>	<b>935,788</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS (CONTD.)****26 FAIR VALUE MEASUREMENTS****Financial instrument by category**

(₹)

	As at 31-03-2021			As at 31-03-2020		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
<b>Financial assets</b>						
<b>Investments</b>						
-Mutual funds	-	-	72,325,000	-	-	-
Trade receivables	-	-	-	-	-	21,358,517
Cash and cash equivalents	-	-	32,569,807	-	-	4,913,097
Other bank balances	-	-	-	-	-	-
Loans	-	-	-	-	-	239,481,834
Other financial assets	-	-	1,146,909	-	-	3,540,000
<b>Total financial assets</b>	-	-	<b>106,041,716</b>	-	-	<b>269,293,448</b>
<b>Financial liabilities</b>						
Borrowings	-	-	-	-	-	-
Trade payables	-	-	3,005,781	-	-	60,685,730
Other financial liabilities	-	-	363,893	-	-	15,501
Lease Liability	-	-	-	-	-	425,563
<b>Total financial liabilities</b>	-	-	<b>3,369,675</b>	-	-	<b>61,126,794</b>

**(i) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

	As at 31-03-2021			
	Level 1	Level 2	Level 3	Total
<b>Financial assets and liabilities measured at fair value - recurring fair value measurements</b>				
<b>Financial assets</b>				
Financial investment at FVPL				
Mutual funds	-	-	-	-
Financial investment at FVOCI				
Foreign currency forward and options contracts	-	-	-	-
<b>Total financial assets</b>	-	-	-	-
<b>Financial liabilities</b>				
Forward contract payable	-	-	-	-
<b>Total financial liabilities</b>	-	-	-	-

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There were no transfers between the levels during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting year.

**(ii) Valuation technique used to determine fair value**

Specific valuation technique used to value financial instruments include :

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.

**(iii) Valuation processes**

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The fair valuation of level 1 and level 2 classified assets and liabilities are readily available from the quoted prices in the open market and rates available in secondary market respectively. The valuation method applied for various financial assets and liabilities are as follows -

- Quoted price in the primary market (net asset value) considered for the fair valuation of the current investment i.e Mutual fund. Gain/(loss) on fair valuation is recognised in statement of profit and loss.

## NOTES FORMING PART OF FINANCIAL STATEMENTS (CONTD.)

- The carrying amounts of trade receivable, trade payable, cash and bank balances, short term loans and advances, statutory dues/receivable, short term borrowing, employee dues are considered to be the same as their fair value due to their short-term nature.
- The fair value of premium receivable on financial guarantee contract is derived by discounting premium receivable over the year of contract. Thereafter, the same is carried at the amount initially recognised less the cumulative amortisation of income over the year of the contract.
- The fair value of security deposit is calculated by discounting future cash inflows.

**(iv) Fair value of financial assets and financial liabilities measured at amortised cost:**

The carrying amounts of all financial assets and financial liabilities are considered to be the same as their fair values due to their short term nature.

### 27 TAX RECONCILIATION STATEMENT

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

(₹)

Particulars	For the year 31-03-2021	For the year 31-03-2020
<b>Accounting Profit Before Income Tax</b>	<b>10,159,410</b>	<b>90,069,751</b>
Corporate Income Tax Rate	<b>25.17%</b>	<b>25.17%</b>
<b>Tax at Income tax rate</b>	<b>2,556,920</b>	<b>22,668,755</b>
<b>Incomes Exempted from Taxation</b>		
Dividend Income		-19,276
Profit/(Loss) on sale of investments		-3,795,697
<b>Non Deductible Tax Expenses</b>		
Expenditure on exempt income		-
CSR Expenses	<b>352,358</b>	<b>235,519</b>
Others	-	<b>553,690</b>
First time recognition of Deferred tax Assets		-
Adjustment on account of change in Effective Rate used for deferred tax		<b>378,264</b>
Tax on other comprehensive income		-
Tax on income at differential tax rates		-
Adjustment of previous year		-
Prior year adjustments		<b>694,960</b>
<b>Total Tax Expense as per books of accounts</b>	<b>2,909,278</b>	<b>20,716,215</b>

### 28 EMPLOYEE BENEFITS

a) The amounts recognised in balance sheet are as follows:

(₹)

		Gratuity plan	
		As at 31-03-2021	As at 31-03-2020
A.	Present Value of defined benefit obligation		
	Wholly funded	-	-
	Wholly unfunded	-	-
	Total (a)	-	-
	Less: Fair value of plan assets (b)	-	-
	<b>Amount to be recognised as liability or (asset) (a-b)</b>	<b>-</b>	<b>-</b>
B.	Amounts reflected in the balance sheet		
	Liabilities	-	-
	Assets		
	<b>Net liability / (asset)</b>	<b>-</b>	<b>-</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS (CONTD.)**

**b) Profit & loss account expense :**

(₹)

		Gratuity plan	
		As at 31-03-2021	As at 31-03-2020
1	Current service cost	-	1,090,691
2	Interest cost	-	-
3	Expected return on plan assets	-	-
4	Actuarial losses / (gains)	-	-
5	Past service cost	-	-
6	Actuarial Gain/loss not recognized in books	-	-
	<b>Total expense for the year included in staff cost</b>	-	1,090,691

**c) Amount recorded In other comprehensive income :**

(₹)

		Gratuity plan	
		As at 31-03-2021	As at 31-03-2020
	Opening amount recognized in OCI Profit and Loss Account		
	Remeasurement during the year due to		
a	Changes in financial assumptions	-	-
b	Changes in demographic assumptions	-	-
c	Experience adjustments	-	-
d	Actual return on plan assets less interest on plan assets	-	-
e	Adjustment to recognize the effect of asset ceiling	-	-
	<b>Closing amount recognized in OCI outside profit and loss account</b>		-

**d) Reconciliation of net liability/asset:**

(₹)

		Gratuity plan	
		As at 31-03-2021	As at 31-03-2020
	Opening net defined benefit	-	-
	Expense charged to profit & loss account	-	1,090,691
	Amount recognized outside profit & loss account	-	-
	Employer Contributions	-	-
	Impact of Liability assumed or (settled)*	-	-
	Closing balance of the present value of defined benefit obligation	-	1,090,691

**e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:**

**Movement in benefit obligations :**

(₹)

Particulars	Gratuity plan	
	As at 31-03-2021	As at 31-03-2020
Opening of defined benefit obligation	-	6,874,011
Transfer in/(Out)	-	-
Current service cost	-	1,090,691
Past service cost	-	-
Interest on defined benefit obligation	-	-
Remeasurements due to :	-	-
Actuarial loss/(gain) arising from change in financial assumptions	-	-
Actuarial loss/(gain) arising from change in demographic assumptions	-	-
Actuarial loss/(gain) arising on account of experience changes	-	-
Benefits paid	-	-
Employer contributions	-	-
Liabilities assumed / (settled)	-	(86,593)
Liabilities extinguished on settlements	-	-
Business combination*	-	(7,878,109)
<b>Closing of defined benefit obligation</b>	-	-

**NOTES FORMING PART OF FINANCIAL STATEMENTS (CONTD.)**

**Sensitivity analysis :**

	Gratuity plan	
	As at 31-03-2021	As at 31-03-2020
Impact of increase in 100 bps on defined benefit obligation	<b>Not Applicable</b>	<i>Not Applicable</i>
Discount rate		
Salary escalation rate		
Withdrawal rate		
Impact of decrease in 100 bps on defined benefit obligation		
Discount rate		
Salary escalation rate		
Withdrawal rate		

- i. The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.
- ii. The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

**f) The major categories of plan assets as a percentage of total plan assets are as follows:**

	Gratuity plan	
	As at 31-03-2021	As at 31-03-2020
Government of India securities	<b>Not Applicable</b>	<i>Not Applicable</i>
State government securities		
Corporate bonds		
Fixed deposits under Special Deposit Scheme framed by central government for provident funds		
Public sector bonds		
Mutual Funds		

**g) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):**

Particulars		As at 31-03-2021	As at 31-03-2020
1	Discount rate	<b>Not Applicable</b>	<i>Not Applicable</i>
2	Salary growth rate		
4	Attrition rate		

(₹)

Particulars		As at 31-03-2021	As at 31-03-2020
<b>Gratuity plan</b>			
1	Defined benefit obligation	–	–
2	Plan assets	–	–
3	(Surplus) / deficit	–	–
4	Experience Adjustments plan liabilities	–	–
5	Experience Adjustments plan assets	–	–

\* Pursuant to the business transfer to its holding company L&T Technology Services Limited (LTTS), all employees were transferred to LTTS.

Hence the gratuity liability pertaining to the employees as on the closing date i.e. September 30, 2019 as per the terms of business transfer agreement was transferred to LTTS in FY 2019-20.

## NOTES FORMING PART OF FINANCIAL STATEMENTS (CONTD.)

### 29 RECONCILIATION OF IND AS 17 LEASE COMMITMENTS WITH LEASE LIABILITY AS ON 1ST APRIL 2019

(₹)

Total Operating Lease commitments disclosed as at 31st Mar 2019	5,447,639
Less: Recognition exemptions	
Low Value Leases	—
Short Term leases	—
Less: Impact of discounting under Ind AS 116	254,168
Add: Extension and termination options reasonably certain to be exercised	—
Lease liability as on 1st April 2019	5,193,471

#### 2 Impact of change in accounting policy /adoption of IND AS 116

(₹)

Decrease in Fixed assets	—
Increase lease liability	5,193,471
Increase Right of Use	3,745,933
Increase / (decrease) in deferred tax assets	402,705
Increase in finance cost	—
Increase in depreciation	—

#### 3 Classwise right of use assets (in our case it will be only office premise)

(₹)

Balance as on 1st April 2020	288,145
Addition during the year	—
Depreciation during the year	288,145
Closing balance as on 31st March 2021	—

#### 4 Lease liability movement

(₹)

Balance as on 1st April 2020	425,563
Addition during the year	—
Repayment during the year (lease payment towards lease liability)/ Total cash outflow for lease	425,563
Closing balance as on 31st March 2021	—

#### 5 Maturity analysis of lease liability (undiscounted)

(₹)

Less than 1 year	—
1 to 5 years	—
More than 5 years	—
Total	—
Closing balance as on 31st March 2021	—
Current liability	—
Non -current liability	—

#### 6 Amount recognised in P&L account

<b>Particulars</b>	(₹)
Interest on lease liability	262,390
Variable lease payments not included in measurement of lease liability	—
Income from sub-leasing	—
Rent expense - Short term lease	—
Rent expense - low value lease agreements	—

## NOTES FORMING PART OF FINANCIAL STATEMENTS (CONTD.)

### 30 RELATED PARTY DISCLOSURE

#### 30(1)(i) List of related parties which can exercise control

Name	Relationship
L&T Technology Services Limited	Holding company

#### 30(1)(ii) Key management personnel

Name	Status
Mr.Amit Chadha	Director
Mr.Rajeev Gupta	Director
Mr.Bhanu Prasad Gopalam	Director

#### 30(1)(iii) List of related parties with whom there were transactions during the year

Name	Relationship
L&T Technology Services Limited	Holding company
Larsen & Toubro Limited	Ultimate Holding company
Graphene Solutions Taiwan Limited	Fellow subsidiary
Seastar Labs Private Limited	Fellow subsidiary
Graphene Solutions Pte. Ltd	Fellow subsidiary

#### 30(1)(v) Disclosure of related party transactions

Transactions	For the Year ended 31-03-2021	For the Year ended 31-03-2020
<b>Revenue from services</b>		
<b>Holding Company</b>	-	66,339,173
- L&T Technology Services Limited		66,339,173
<b>Fellow subsidiary</b>	-	1,655,523
- Graphene Solutions Taiwan Limited		1,655,523
<b>Purchase of services</b>		
<b>Holding Company</b>	-	32,460,825
- L&T Technology Services Limited		32,460,825
<b>Services availed by company</b>		
<b>Holding Company</b>	464,290	6,396,600
- L&T Technology Services Limited	464,290	6,396,600
<b>Fellow subsidiary</b>	-	5,779,355
- Seastar Labs Private Limited		5,779,355
<b>Ultimate holding Company</b>	26,000	-
- Larsen & Toubro Limited	26,000	-
<b>Services rendered by company</b>		
<b>Holding Company</b>	-	12,493,034
- L&T Technology Services Limited		12,493,034
<b>Interest received</b>		
<b>Holding Company</b>	7,062,418	4,759,455
- L&T Technology Services Limited	7,062,418	4,759,455
<b>Fellow subsidiary company</b>	-	88,027
-Seastar Labs Private Limited		88,027
<b>Sale of assets and liability (net consideration)</b>		
<b>Holding Company</b>	-	239,481,834
- L&T Technology Services Limited	-	239,481,834

(₹)

**NOTES FORMING PART OF FINANCIAL STATEMENTS (CONTD.)**

	(₹)	
Transaction	As at 31-03-2021	As at 31-03-2020
<b>Payable</b>		
Holding Company	2,580,592	57,614,629
- L&T Technology Services Limited	2,580,592	57,614,629
Ultimate holding Company	28,730	
- Larsen & Toubro Limited	28,730	
Fellow subsidiary company	-	710,757
-Seastar Labs Private Limited	-	710,757
<b>Receivable</b>		
Fellow subsidiary company	1,146,909	-
-Seastar Labs Private Limited	1,146,909.00	-
<b>Loans &amp; Advances Recoverable</b>		
Holding Company	-	239,481,835
- L&T Technology Services Limited		239,481,835
<b>Compensation to key managerial personnel</b>		
Particulars	<b>For the Year ended 31-03-2021</b>	<i>For the Year ended 31-03-2020</i>
Compensation to key managerial personnel	-	-

**31 SEGMENT REPORTING**

**Business segments:**

As the Company had no business activity in FY 20-21, the disclosure requirement of business segments as per IND AS 108 'Operating Segments' is not applicable.

Business segment information for the business activity in FY 19-20 has been provided below :

**(a) Description of segments and principal activities**

The Company's management examines the Company's performance both from industry and geographic perspective and has identified two reportable segments of its business:

**1. Telecom and Hi-tech**

The Company's contribution in the networking domain helps its clients achieve enhanced reliability and scalability in their product and service portfolios. The segment's capabilities are spread across Datacom technologies. The company offers end-to-end software services from development, testing, test automation, product sustenance and support. The company also comes with a vast experience of 10+ years in storage space, with its Center of Excellence (CoE) and offers technology-specific capabilities spanning across Storage Devices, controller and hosts. The company contributes to development, testing and maintenance till end of life-support across VLSI, Hardware and Software Design.

**2. Transportation:**

The Company offers customized R&D services spanning across the lifecycle of products right from component suppliers to OEM manufacturers. The segment brings in vast experience with leading OEMs, tool and chip vendors thereby making the company the preferred partner for system and sub-system design for the entire product lifecycle. The Company helps its clients with its service offerings - a) Infotainment & Telematic b) Body & Chassis Electronics c) Diagnostics & ECU V&E d) Safety & Systems.

(i) Primary segments are defined based on the industries from which revenues are derived and segmental results are as under:

	(₹)		
Particulars	Telecom and Hi-tech	Transportation	Total
Revenue	313,425,954	149,562,684	462,988,638
% to Total	67.7%	32.3%	100.0%
			707,713,838
Segment Operating Profits	36,809,490	37,081,702	73,891,192
% to Revenue	11.7%	24.8%	16.0%
Other Income			<b>22,739,066</b>
			36,959,783
Operating Profit			<b>96,630,258</b>
			62,844,467
Finance cost			<b>1,410,756</b>
			29,581
Depreciation			<b>5,149,751</b>
			1,947,308
Profit before extraordinary items and tax			<b>90,069,751</b>
			60,867,579

**NOTES FORMING PART OF FINANCIAL STATEMENTS (CONTD.)****Geographical segments:**

As the Company had no business activity in FY 20-21, the disclosure requirement of business segments as per IND AS 108 'Operating Segments' is not applicable. Segmental reporting of revenues of FY 19-20 on the basis of the geographical location of the customers is as under:

(₹)

Particulars	North America	Europe	India	ROW	Total
External revenue by location of customers	–	–	–	–	–
	<i>1,866,461</i>	–	<i>455,016,555</i>	<i>6,105,622</i>	<i>462,988,638</i>

Numbers in italics are previous year numbers

Fixed assets used and liabilities contracted for performing the Company's business have not been identified to any of the above reported segments as the fixed assets and services are used inter-changeably among segments.

**32 MICRO AND SMALL ENTERPRISES**

(₹)

	As at 31-03-2021	As at 31-03-2020
Principal amount due to suppliers under MSMED Act, 2006	–	–
Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	–	–
Payment made to suppliers (other than interest) beyond the appointed day during the year	–	–
Interest paid to suppliers under MSMED Act (other than Section 16)	–	–
Interest paid to suppliers under MSMED Act (Section 16)	–	–
Interest due and payable towards suppliers under MSMED Act for payments already made	–	–
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	–	–
Amount of further interest remaining due and payable even in the succeeding years	–	–

Dues to Micro and Small Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006, have been determined to the extent such parties have been identified on the basis of information collected by the Management.

- 33** The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.
- 34** There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2020.
- 35** The Company evaluated all events and transactions that occurred after March 31, 2021 up through April 30, 2021, the date the financial statements are issued. Based on the evaluation, there are no material effects of the same on the financial statements as on April 30, 2021, that would require recognition or disclosure.
- 36** Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report attached  
**V G BODE & CO**  
 Chartered Accountants  
 Firm's registration no. 006743S  
 By the hand of

For and on behalf of the Board of Directors of  
**Graphene Semiconductor Services Private Limited**

**SAROJA BHAT**  
 Proprietor  
 Membership no. 221580

**RAJEEV GUPTA**  
 Director  
 DIN : 06782710

**BHANU PRASAD GOPALAM**  
 Director  
 DIN : 08264739

Place: Bangalore  
 Date: April 30, 2021

Place: Mumbai  
 Date: April 30, 2021

Place: United States of America  
 Date: April 30, 2021

**BOARD REPORT**

Dear Members,

The Directors have pleasure in presenting their Board Report and Audited Accounts for the year ended March 31, 2021.

**1. FINANCIAL RESULTS:**

Particulars	2020-21	2019-20
	USD	USD
Total Income	49,83,553	12,491,762
Total Expenditure	49,07,409	10,362,904
Operating Profit / (Loss)	76,144	2,128,858
Add: Other Income	68	564,828
Less: Depreciation & Finance Costs	17,201	17,658
Profit / (Loss) before Tax	59,011	2,676,028
Less : Tax	3,899	732,693
Net Profit / (Loss) after Tax	55,112	1,943,335
Add: Balance b/f from previous year	(1,211,716)	(3,155,051)
Balance available for disposal which directors appropriate as follows:	(1,156,604)	(1,211,716)
Dividend	4,600,000	–
Transfer to Reserves	–	–
Balance to be carried forward	(5,756,604)	(1,211,716)

**2. CAPITAL & FINANCE:**

During the year under review, the Company has not issued any shares. The loan outstanding is Nil as on 31<sup>st</sup> March, 2021.

**3. CAPITAL EXPENDITURE:**

As at March 31, 2021, the gross fixed and intangible assets including leased assets, stood at USD 85,304 and the net fixed and intangible assets, including leased assets, at USD 16,456. Capital Expenditure during the year amounted to Nil.

**4. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

The Company has not given loan/made investment/provided guarantee or security during the year under review.

**5. STATE OF COMPANY AFFAIRS:**

The gross sales and other income for the financial year under review were USD 4,983,621 as against USD 13,056,590 for the previous financial year registering a decrease of 61.8%. The profit before tax from continuing operations including extraordinary and exceptional items was USD 59,011 and the profit after tax from continuing operations including extraordinary and exceptional items was USD 55,112 for the financial year under review as against USD 2,676,028 and USD 1,943,335 respectively for the previous financial year, registering a decrease of 97.8% and 97.2% respectively.

**6. AMOUNT TO BE CARRIED TO RESERVE:**

As at March 31, 2021, the Company has not transferred any amount to reserves.

**7. DIVIDEND:**

The Directors have declared a dividend of USD 4,600,000.

**8. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:**

There are no material changes affecting the financial position of the Company between the end of the financial year and the date of the Report.

**9. REPORTING OF FRAUDS:**

The Auditors of the Company have not reported any fraud committed against the Company by its officers or employees.

**10. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

During the year under review, there were no material and significant orders passed by the regulators or courts impacting the going concern status and the Company's operations in future.

**11. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:**

During the year, Mr. P. Ramakrishnan, Mr. Stawan Kadepurkar and Mr. Alpesh Oza ceased to be the Directors of the Company.

The Board places on record its appreciation for the services rendered by Mr. P Ramakrishnan, Mr. Stawan Kadepurkar and Mr. Alpesh Oza during their tenure as Directors of the Company.

The current Board of Directors consists of Mr. Amit Chadha, Ms. Seema Ghanekar, Mr. Bhanu Gopalam and Mr. Rajeev Gupta.

**12. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:**

During the year under review 1 meeting was held on October 16, 2020.

The Agenda of the Meeting is circulated to the Directors in advance.

**13. FINANCIAL STATEMENTS:**

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment, which has/have an adverse effect on the functioning of the Company.

**14. AUDITORS:**

M/s KNAV P.A. are the Auditors of the Company. They will continue to be Auditors of the Company for the ensuing financial year.

**15. DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors of the Company confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

**16. ACKNOWLEDGEMENT:**

Your Directors acknowledge the invaluable support extended by the Government authorities in United States of America and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

**MR. AMIT CHADHA**  
*Director*

*Date: April 29, 2021*  
*Place: United States of America*

**MR. BHANU GOPALAM**  
*Director*

*Date: April 29, 2021*  
*Place: United States of America*

## ***INDEPENDENT AUDITOR'S REPORT***

The Board of Directors,  
**Esencia Technologies, Inc.**

We have audited the accompanying financial statements of **Esencia Technologies, Inc.** ('the Company'), which comprise the balance sheets as of March 31, 2021 and March 31, 2020, and the related statements of income, stockholder's (deficit) equity and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's responsibility for the financial statements**

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

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as of March 31, 2021 and March 31, 2020 and the results of its operations and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

**KNAV P.A.**

*Atlanta, Georgia*  
*April 29, 2021*

**BALANCE SHEETS**

(All amounts in United State Dollars, unless otherwise stated)

	<u>As at March 31, 2021</u>	<u>As at March 31, 2020</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	187,610	562,212
Accounts receivable, net of allowances	62,647	1,923,011
Related party receivable	46,562	2,720,225
Prepaid expenses and other current assets	177,051	65,345
<b>Total current assets</b>	<u>473,870</u>	<u>5,270,793</u>
Property and equipment, net	16,455	33,656
Deferred tax assets, net	50,530	24,721
<b>Total assets</b>	<u>540,855</u>	<u>5,329,170</u>
<b>LIABILITIES AND STOCKHOLDER'S (DEFICIT) EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	18,266	104,328
Related party payable	264,669	—
Other current liabilities	1,078,622	1,500,656
<b>Total current liabilities</b>	<u>1,361,557</u>	<u>1,604,984</u>
<b>Stockholder's (deficit) equity</b>		
Common stock	1,067	1,067
Preferred stock	44	44
Additional paid in capital	4,934,791	4,934,791
Accumulated deficit	(5,756,604)	(1,211,716)
<b>Total stockholder's (deficit) equity</b>	<u>(820,702)</u>	<u>3,724,186</u>
<b>Total liabilities and stockholder's (deficit) equity</b>	<u>540,855</u>	<u>5,329,170</u>

(The accompanying notes are an integral part of these financial statements)

## STATEMENTS OF INCOME

(All amounts in United States Dollars, unless otherwise stated)

	<b>For the year ended March 31, 2021</b>	<i>For the year ended March 31, 2020</i>
Revenue from operations	<b>4,983,553</b>	12,491,762
Less: Cost of revenue	<b>(4,298,693)</b>	<i>(9,480,232)</i>
<b>Gross profit</b>	<b>684,860</b>	3,011,530
<b>Operating cost and expenses</b>		
Selling, general and administrative expenses	<b>608,717</b>	882,672
Depreciation	<b>17,200</b>	17,658
<b>Total operating cost and expenses</b>	<b>625,917</b>	900,330
<b>Operating income</b>	<b>58,943</b>	2,111,200
<b>Other income</b>		
Interest income	<b>68</b>	6,820
Other non-operating income (refer Note K)	-	1,501,208
Earn-out expenses (refer Note L)	-	<i>(943,200)</i>
<b>Income before taxes</b>	<b>59,011</b>	2,676,028
<b>Income tax expense</b>		
Current tax expense	<b>29,708</b>	682,767
Deferred tax (benefit) expense	<b>(25,809)</b>	49,926
<b>Net income</b>	<b>55,112</b>	1,943,335

(The accompanying notes are an integral part of these financial statements)

**STATEMENTS OF STOCKHOLDER'S EQUITY**

(All amounts in United States Dollars, except number of shares)

	Common stock		Preferred stock		Additional paid in capital	Accumulated deficit	Total stockholder's equity
	Shares	Amount	Shares	Amount			
Balance as at April 01, 2019	10,669,083	1,067	435,852	44	4,846,090	(3,155,051)	1,692,150
Additional paid in capital (Refer note E)	-	-	-	-	88,701	-	88,701
Net income for the year	-	-	-	-	-	1,943,335	1,943,335
<b>Balance as at March 31, 2020</b>	<b>10,669,083</b>	<b>1,067</b>	<b>435,852</b>	<b>44</b>	<b>4,934,791</b>	<b>(1,211,716)</b>	<b>3,724,186</b>
<b>Balance as at April 01, 2020</b>	<b>10,669,083</b>	<b>1,067</b>	<b>435,852</b>	<b>44</b>	<b>4,934,791</b>	<b>(1,211,716)</b>	<b>3,724,186</b>
Dividend distributed	-	-	-	-	-	(4,600,000)	(4,600,000)
Net income for the year	-	-	-	-	-	55,112	55,112
<b>Balance as at March 31, 2021</b>	<b>10,669,083</b>	<b>1,067</b>	<b>435,852</b>	<b>44</b>	<b>4,934,791</b>	<b>(5,756,604)</b>	<b>(820,702)</b>

*(The accompanying notes are an integral part of these financial statements)*

**STATEMENTS OF CASH FLOWS**

(All amounts in United States Dollars, unless otherwise stated)

	<b>For the year ended March 31, 2021</b>	<i>For the year ended March 31, 2020</i>
<b>Cash flow from operating activities</b>		
Net income for the year		
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>	<b>55,112</b>	1,943,335
Depreciation	17,200	17,658
Allowance for doubtful accounts	186,577	-
Deferred tax (benefit) expense	(25,809)	49,926
Reduction in unrecognized tax benefits	(67,449)	(276,028)
<b>Changes in current assets and current liabilities</b>		
Decrease in accounts receivable, net of allowances	1,673,788	347,730
(Increase) decrease in prepaid expenses and other current assets	(111,706)	243,483
Decrease in accounts payable	(86,062)	(167,114)
(Decrease) increase in other current liabilities	(354,585)	34,491
Increase (decrease) in related party balances	538,332	(106,118)
<b>Net cash provided by operating activities</b>	<b>1,825,398</b>	2,087,363
<b>Cash flow from investing activities</b>		
Purchase of property and equipment	-	(7,573)
Short term advances given to parent company	-	(2,400,000)
Cash received from repayment of short term advances	2,400,000	-
<b>Net cash provided by (used in) investing activities</b>	<b>2,400,000</b>	(2,407,573)
<b>Cash flow from financing activities</b>		
Additional paid in capital (Refer note E)	-	88,701
Dividend distributed	(4,600,000)	-
<b>Net cash (used in) provided by financing activities</b>	<b>(4,600,000)</b>	88,701
<b>Net decrease in cash and cash equivalents during the year</b>	<b>(374,602)</b>	(231,509)
Cash and cash equivalents at the beginning of the year	562,212	793,721
<b>Cash and cash equivalents at the end of the year</b>	<b>187,610</b>	562,212
<b>Supplemental cash flow information</b>		
Income tax paid	-	208,595

(The accompanying notes are an integral part of these financial statements)

## NOTES TO FINANCIAL STATEMENTS

(All amounts in United State Dollars, unless otherwise stated)

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

#### 1. Organization and nature of operations

Esencia Technologies, Inc. ("the Company") was incorporated in 2006 and provides full turn-key semi-conductor design services from product specification through GDS2 to production for clients in the fields of video, wireless communications and networking, computer vision and perceptual computing.

In 2016, the Company acquired Esencia Technology India Private Limited, (referred to as "ETIPL") for carrying out operations from an offshore location in Bengaluru, India.

On June 01, 2017, L&T Technology Services LLC (herein referred to as "LTTS LLC" or the "Parent Company"), a subsidiary of L&T Technology Services Limited, acquired all issued and outstanding preferred and common stock of the Company.

On January 1, 2020, the Company sold its investment in Esencia Technologies India Private Limited to L&T Technology Services Limited. This transaction between entities under common control resulted in a change in reporting entity and required retrospective effect for all periods presented, as if the transaction had been in effect since the inception of common control. Accordingly, the financial statements of the Company reflect the accounting of this common control transaction as per guidance mentioned in ASC 805-50.

#### 2. Basis of preparation

- a. The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America ("US GAAP") to reflect the financial position, results of operations and cash flows of the Company.
- b. All amounts are stated in United States dollars, except as otherwise specified.
- c. These financial statements are presented for the years ended March 31, 2021 and March 31, 2020.

#### 3. Going concern and management's plans

During the year ended March 31, 2021, the Company did not renew its revenue contracts with its customers. All new contracts/ renewals were entered into by the Parent Company. Furthermore, significant workforce was transferred to Parent Company. Even though these factors cast significant doubt on the Company's ability to continue as a going concern, the management of the Company and the Parent Company have the intention to keep the Company operative over the next 12 months, from the date these financial statements are available to be issued. Further Parent Company will continue to provide financial support to the Company as and when required during that period. Accordingly, these financial statements have been prepared on a going concern basis.

#### 4. Estimates and assumptions

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the separate parent company financial statements and the results of operations during the reporting period. The Company's most significant estimates relate to the management's forecasts of determination of allowances for doubtful accounts receivable, determination of useful lives for property and equipment, revenue recognition and provision for taxes. The estimates are made using historical information and other relevant factors available to management. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

#### 5. Cash and cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. The Company believes it is not exposed to any significant risk on cash and cash equivalents.

#### 6. Accounts receivable & allowance for doubtful accounts

Accounts receivable is recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and the customers' financial condition, the amounts of receivables in dispute, and the current receivables ageing and current payment patterns. The Company reviews its allowance for doubtful accounts monthly. Past due balances over 180 days and over a specified amount are reviewed individually for collectability. Allowance for doubtful accounts is included in selling, general and administrative expenses in the statement of income. The Company charges off uncollectable amounts against the reserves in the period in which it determines they are uncollectable.

#### 7. Revenue recognition

The Company's revenues are primarily derived from two sources. (i) services and (ii) sale/ licensing of intellectual property rights. The Company recognizes revenues when control of these services are transferred to the customer for an amount, referred to as the transaction price, that reflects the consideration to which the Company is expected to be entitled in exchange for those services.

Revenues related to time-and-material contracts are recognized over the period the services are provided either using an output method such as labor hours, or a method that is otherwise consistent with the way in which value is delivered to the customer. Revenues related to fixed-price contracts are recognized as the service is performed using the cost-to-cost method, under which the total value of revenues is recognized on the basis of the percentage that each contract's total labor cost to date bears to the total expected labor costs. The cost-to-cost method requires estimation of future costs, which is updated as the project progresses to reflect the latest available information; such estimates and changes in estimates involve the use of judgment. The cumulative impact of any revision in estimates is reflected in the financial reporting

## NOTES TO FINANCIAL STATEMENTS (Contd.)

(All amounts in United State Dollars, unless otherwise stated)

period in which the change in estimate becomes known and any anticipated losses on contracts are recognized immediately.

The Company recognizes revenue from sale/ licensing of intellectual property rights ("IPR") at a point in time of delivery if all other revenue recognition criteria are met.

The Company adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606) ('ASC 606') as of April 1, 2019. The core principle of ASC 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

To achieve this core principle, the Company has applied the five-step process:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to performance obligations in the contract.
5. Recognize revenue when or as the Company satisfies a performance obligation.

Please refer Note I "Revenue from contracts with customers" for further information on the Company's revenue.

### 8. Operating leases

Lease rent expenses on operating leases are charged to expense over the lease term. Lease payments are recognized as an expense on actual basis in the statements of income.

### 9. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but disclosed in notes to financial statements. Contingent assets are neither recognized nor disclosed.

### 10. Retirement and employee benefits

Contributions to defined contribution plans are charged to statement of income in the period in which they accrue.

### 11. Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment. Cost of items of property and equipment comprises cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use.

The Company depreciates property and equipment over the estimated useful life using the straight-line method. Expenditures for maintenance and repairs are charged to expense. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited to statement of income. The estimated useful lives used to determine depreciation are:

Nature of assets	Estimated useful life of assets
Furniture and fixtures	10 years
Computers and equipment	3 years

### 12. Impairment of long-lived assets

Long-lived assets, including certain identifiable intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the amount by which the carrying value of the assets exceeds its fair value.

### 13. Advertising costs

Non-response advertising costs are presented as part of selling, general, and administrative expenses in the statement of income. Advertising costs are expensed as incurred.

### 14. Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded for deferred tax assets if it is more likely than not that some portion or all the deferred tax assets will not be realized. Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") 740 also provides guidance on measurement, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. All deferred tax assets and liabilities, along with any related valuation allowance, be classified as non-current on the balance sheet.

The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount

## NOTES TO FINANCIAL STATEMENTS (Contd.)

(All amounts in United State Dollars, unless otherwise stated)

which is more than 50% likely of being realized upon ultimate settlement. The Company recognizes interest and penalties related to uncertain tax positions within the provision for income taxes.

During the year, a reduction in the unrecognized tax benefits amounting to \$67,449 as a result of a lapse of applicable statute of limitations period, is credited to current tax expense.

### 15. Recently issued accounting pronouncements not yet adopted

In February 2016, the FASB issued ASU No. 2016-02, Leases. Under the new guidance, lessees are required to recognize a right-of-use asset and a lease liability on the balance sheet for all leases, other than those that meet the definition of a short-term lease. This update will establish a lease asset and lease liability by lessees for those leases classified as operating under current GAAP. Leases will be classified as either operating or finance under the new guidance. Operating leases will result in straight-line expense in the income statement, similar to current operating leases, and finance leases will result in more expense being recognized in the earlier years of the lease term, similar to current capital leases. This ASU is effective for the Company beginning April 1, 2022.

### 16. Fair value measurements and financial instruments

Assets and liabilities recorded at fair value in the separate parent company financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1- Unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2- Inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3- Unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

### NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	<u>As at March 31, 2021</u>	<u>As at March 31, 2020</u>
Bank balance	187,610	562,212
<b>Total</b>	<u>187,610</u>	<u>562,212</u>

Cash balances on deposit with banks in the United States of America are insured by the Federal Deposit Insurance Corporation up to \$250,000 as at March 31, 2021 and March 31, 2020.

### NOTE C - ACCOUNTS RECEIVABLE, NET OF ALLOWANCES

Accounts receivable as at March 31, 2021 and March 31, 2020 represent due from customers for services rendered of \$ 62,647 and \$1,923,011, respectively. Accounts receivable are stated net of allowance for doubtful accounts and other allowances. The allowance for doubtful accounts as of March 31, 2021 and March 31, 2020 is \$194,910 and \$8,333, respectively. The movement in allowance for doubtful accounts during the year is as under.

	<u>As at March 31, 2021</u>	<u>As at March 31, 2020</u>
<b>Beginning balance</b>	8,333	8,333
Add: Allowance for doubtful accounts	186,577	-
<b>Closing balance</b>	<u>194,910</u>	<u>8,333</u>

Accounts receivable, net is as under:

	<u>As at March 31, 2021</u>	<u>As at March 31, 2020</u>
Due from customers	257,557	1,931,344
Less: allowances for doubtful debts	(194,910)	(8,333)
<b>Total</b>	<u>62,647</u>	<u>1,923,011</u>

**NOTES TO FINANCIAL STATEMENTS (Contd.)**

(All amounts in United State Dollars, unless otherwise stated)

**NOTE D - PREPAID EXPENSES AND OTHER CURRENT ASSETS**

Prepaid and other current assets comprise the following:

	<u>As at March 31, 2021</u>	<u>As at March 31, 2020</u>
Unbilled receivables	141,433	58,231
Security deposit	2,114	2,114
Prepaid expenses	-	5,000
Advance to vendors	33,504	-
<b>Total</b>	<u>177,051</u>	<u>65,345</u>

**NOTE E - COMMON CONTROL TRANSACTION**

On January 1, 2020, the Company sold its investment in Esencia Technologies India Private Limited to L&T Technology Services Limited for a total consideration of \$88,701. This transaction between entities under common control is accounted as per guidance mentioned in ASC 805-50. This transaction between entities under common control resulted in a change in reporting entity and required retrospective effect for all periods presented, as if the transaction had been in effect since the inception of common control. Accordingly, the Company derecognized the investment at its carrying value of \$4,230 effective June 1, 2017 with a corresponding charge to additional paid in capital. Proceeds from sale of investment in subsidiary received during the year ended March 31, 2020, amounting to \$88,701, has been recognized in additional paid-in capital.

**NOTE F - PROPERTY & EQUIPMENT, NET**

Property &amp; equipment comprises the following:

	<u>As at March 31, 2021</u>	<u>As at March 31, 2020</u>
Computer and equipment	74,389	74,389
Furniture and fixtures	10,915	10,915
Less: Accumulated depreciation	(68,849)	(51,648)
<b>Property &amp; equipment, net</b>	<u>16,455</u>	<u>33,656</u>

Depreciation expense for the years ended March 31, 2021 and March 31, 2020 was \$17,200 and \$17,658 respectively.

**NOTE G - LINE OF CREDIT**

The Company maintained a line of credit facility with a bank, with a maximum permissible borrowing of \$750,000. The line of credit is guaranteed by L&T Technology Services Limited. Interest on the line of credit is payable monthly at LIBOR plus 90 basis points per annum. During the year ended March 31, 2021, the Company terminated the credit facility. The line of credit facility remained unutilized through-out the years ended March 31, 2021 and March 31, 2020 and therefore incurred \$ Nil interest for the years then ended.

**NOTE H - OTHER CURRENT LIABILITIES**

Other current liabilities comprise the following:

	<u>As at March 31, 2021</u>	<u>As at March 31, 2020</u>
Employee benefits	-	402,940
Statutory liabilities	1,048,186	1,021,696
Other payables & provisions	30,436	76,020
<b>Total</b>	<u>1,078,622</u>	<u>1,500,656</u>

**NOTE I - REVENUE FROM CONTRACTS WITH CUSTOMERS**

The new revenue recognition guidance permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (modified retrospective method). Effective April 1, 2019, the Company adopted the new accounting ASC 606 using the modified retrospective method for contracts that were not completed as of March 31, 2019 and determined that the existing revenue recognition practices are in compliance with ASC 606.

For the years ended March 31, 2021 and March 31, 2020, revenue comprises of revenue earned from services amounting to \$ 4,983,553 and \$12,491,762 respectively. Revenue is recognized over the period the services are provided.

**Contract balances**

The timing of revenue recognition, invoicing and cash collections results in billed receivables and contract assets on the balance sheets. Contract assets represent sales recognized in excess of billings related to work completed but not yet delivered for which revenue is recognized over time. Contract assets are recorded as unbilled receivables.

**NOTES TO FINANCIAL STATEMENTS (Contd.)**

(All amounts in United State Dollars, unless otherwise stated)

<b>Contract balances</b>	<b>Accounts receivable</b>	<b>Unbilled receivables</b>
Opening balance as at April 1, 2020	1,923,011	58,231
Closing balance as at March 31, 2021	62,647	141,433
<b>(Decrease) increase</b>	<b>(1,860,364)</b>	<b>83,202</b>

**NOTE J - RELATED PARTY TRANSACTIONS**

A. The following are the related parties with whom transactions have taken place during the period:

- a. L&T Technology Services LLC – Parent Company
- b. L&T Technology Services Limited –Intermediate Holding Company

B. Summary of transactions and balances with related parties are as follows:

	<b>March 31, 2021</b>	<i>March 31, 2020</i>
<b>L&amp;T Technology Services Limited</b>		
<i>Transactions during the year</i>		
- Sub-contracting charges incurred by Company	<b>27,000</b>	<i>10,000</i>
- Sub-contracting revenue billed by Company	<b>250,937</b>	<i>638,072</i>
- Seat cost charges incurred by Company	<b>134,318</b>	<i>134,854</i>
- Management service & other charges incurred by Company	<b>182,547</b>	<i>66,094</i>
- Sale of investment in Esencia Technologies India Pvt. Ltd.	<b>-</b>	<i>88,701</i>
<i>Receivable as at</i>	<b>46,562</b>	<i>252,110</i>
<b>L&amp;T Technology Services LLC</b>		
<i>Transactions during the year</i>		
- Dividend distributed	<b>4,600,000</b>	<i>-</i>
- Expenses incurred by Company on behalf	<b>21,591</b>	<i>-</i>
- Sub-contracting revenue billed by Company	<b>714,518</b>	<i>438,062</i>
- Sub-contracting charges incurred by Company	<b>1,020,336</b>	<i>1,494,947</i>
- Tax payments on behalf of the Company	<b>-</b>	<i>208,595</i>
- Short term advances provided	<b>-</b>	<i>2,400,000</i>
- Repayment of short-term advances provided	<b>2,400,000</b>	<i>-</i>
<i>Receivable as at</i>	<b>-</b>	<i>2,468,115</i>
<i>Payable as at</i>	<b>264,669</b>	<i>-</i>

**NOTE K - RELEASE, WAIVER AND INTELLECTUAL PROPERTY ASSIGNMENT AND LICENSE AGREEMENT**

On January 16, 2018, the Company along with the Parent Company entered into a Release, Waiver and Intellectual Property Assignment and License Agreement ("the Agreement") with an existing customer. Under the terms of the Agreement, the Company agreed to release certain employees along with assignment and license of certain intellectual property for a total consideration of \$17,000,000. The Company received an initial consideration of \$3,500,000 in March 2018.

In April 2018, on fulfillment of certain conditions, the Company received the closing consideration of \$12,000,000 in exchange of intellectual property assignment and release and waiver of employees.

Holdback consideration amounting to \$1,500,000 was received in the month of April 2019, on fulfillment of certain conditions. It is recorded and reported as a part of other non-operating income in the statements of income.

**NOTE L - EARN-OUT EXPENSES**

In connection with the Release, Waiver and Intellectual Property Assignment and License Agreement, the Company agreed to pay one-time incentive to employees on receipt of the initial and closing consideration. Settlement of this incentive obligation amounting to \$943,200 by the Company has been accounted as a non-operative expense in the statements of income for the year ended March 31, 2020.

**NOTE M - INCOME TAX**

For the year ended March 31, 2021, the Company will file federal and state tax returns as per regulations applicable to Chapter C corporations in the United States. The Company is a member of L&T technology services LLC consolidated federal tax group. In accordance with applicable state laws, the Company shall file state returns at combined level in certain states.

**NOTES TO FINANCIAL STATEMENTS (Contd.)**

(All amounts in United State Dollars, unless otherwise stated)

The components of the provision for income taxes are as follows:

<b>Particulars</b>	<b>For the year ended March 31, 2021</b>	<i>For the year ended March 31, 2020</i>
<b>Current taxes</b>		
Federal	80,499	7,26,500
State	16,658	2,21,557
Foreign	-	10,738
Reduction in the unrecognized tax benefits	(67,449)	(2,76,028)
<b>Deferred taxes</b>		
Federal	(19,368)	37,466
State	(6,441)	12,460
	<u>3,899</u>	<u>732,693</u>

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes are as follows:

	<b>As at March 31, 2021</b>	<i>As at March 31, 2020</i>
Income tax at federal rate	11,889	574,300
Permanent differences	-	(17,740)
State taxes	10,216	188,105
Reduction in the unrecognized tax benefits	(67,449)	(2,76,028)
Federal tax	49,243	253,318
Foreign tax expenses	-	10,738
	<u>3,899</u>	<u>732,693</u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows:

	<b>As at March 31, 2021</b>	<i>As at March 31, 2020</i>
<b>Deferred tax liabilities:</b>		
Property and equipment	(4,605)	(9,225)
<b>Total deferred tax liabilities</b>	<u>(4,605)</u>	<u>(9,225)</u>
<b>Deferred tax assets:</b>		
Accrued expenses and reserves	55,135	33,946
<b>Total deferred tax assets</b>	<u>55,135</u>	<u>33,946</u>
<b>Net deferred tax assets</b>	<u>50,530</u>	<u>24,721</u>

The Company has evaluated positive and negative evidence to assess the need of valuation allowance. Evidence from a single source of taxable income is enough to conclude that a valuation allowance is not needed; however, all sources of taxable income must be considered to determine that a valuation allowance is needed. The Company has entered into a Tax Sharing Agreement, with the Parent Company, details of which are given below, which entitles the Company to receive payments for the tax benefit arising to the Parent Company to the extent the Company's losses reduce the consolidated taxable income. Accordingly, with respect to the losses which will arise upon future reversal of existing deferred tax asset, it is more likely than not that these losses will reduce the consolidated taxable income and the Company will receive tax benefit, in the form of payment from its Parent Company. Hence, no valuation allowance is recorded as at March 31, 2021.

The Company has recognized deferred tax assets of \$ 50,530 and \$ 24,721 as at March 31, 2021 and March 31, 2020 respectively.

The Company is party to a Tax Sharing Agreement, with an effective date of December 31, 2017, with LTTS LLC. The Tax Sharing Agreement sets forth, among other things, LTTS LLC and each of the Company's obligations in connection with filing consolidated federal, state and foreign tax returns. The Tax Sharing Agreement provides that current income tax expense (benefit) is computed on a separate return basis and the Company shall make payments (or receive reimbursement) to (from) members of the tax group to the extent its income (losses and other credits) contributes to (reduces) the consolidated income tax expense. The Company shall also indemnify and hold LTTS LLC harmless against any additional tax

## NOTES TO FINANCIAL STATEMENTS (Contd.)

(All amounts in United State Dollars, unless otherwise stated)

liability arising at the consolidated level and which is attributable to the operations of the Company. The consolidating companies are reimbursed for the net operating losses or other tax attributes they have generated when utilized in the consolidated tax returns. As of March 31, 2021, and March 31, 2020, the Company has to pay \$ 1,053,195 and \$ 956,039 respectively to LTTS LLC.

The Company has no federal and state net operating losses carry-forwards as at March 31, 2021.

### Accounting for uncertain tax position

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. Interest and penalties, if incurred, are recognized in the statement of income. The Company has no unrecognized tax positions as at March 31, 2021.

The tax years of 2017 through 2019 remain subject to examination by the taxing authorities.

The following is a roll-forward of the changes in the unrecognized tax benefits:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Opening unrecognized tax benefits</b>	<b>67,449</b>	<b>343,477</b>
Reduction to unrecognized tax benefits as a result of a lapse of applicable statute of limitations	<b>(48,680)</b>	<b>(1,85,367)</b>
<b>Closing unrecognized tax benefits</b>	<b>18,769</b>	<b>1,58,110</b>
Total amount of interest and penalties recognized in statement of income.	<b>(18,769)</b>	<b>(90,661)</b>
<b>Total unrecognized tax benefits</b>	<b>–</b>	<b>67,449</b>

### NOTE N - EMPLOYEE BENEFIT PLAN

In January 2018, the Company established a 401(k) retirement plan (the "Plan") for the benefit of its employees. As allowed under Section 401(k) of the Internal Revenue Code, the Plan provides for tax-deferred salary contributions for eligible employees. The Plan allows employees to contribute a percentage of their annual compensation to the Plan on a pre-tax and after-tax basis. Employee contributions are limited to a maximum annual amount as set periodically by the Internal Revenue Code. At its discretion, the Company may match pre-tax and after-tax employee contributions up to 100% of the first 3% and 50% of the next 2% of eligible earnings that are contributed by employees. Both, the employee contributions and the Company's matching contributions vest 100%, immediately. During the years ended March 31, 2021 and March 31, 2020, the Company contributed \$ Nil and \$4,005, respectively, towards the Plan.

### NOTE O - COMMITMENTS AND CONTINGENCIES

Effective April 1, 2019, the Company has entered into an informal month-to-month basis sub-lease agreement with its Parent Company for office space in California. Monthly rent expense is calculated based on the amount of office space utilized. For the years ended March 31, 2021 and March 31, 2020, the Company incurred rent expenses of approximately \$131,772 and \$ 134,854, respectively which is included in selling, general and administrative expense.

### NOTE P - STOCKHOLDER'S EQUITY

Company's authorized share capital comprises of 20,000,000 common stock at par of \$0.0001 each and 500,500 Series A preferred stock at par of \$0.0001 each as at March 31, 2021 of which 10,669,083 common stock and 435,852 Series A preferred stock were issued and outstanding as of March 31, 2021.

#### Conversion

Series A preferred stock are convertible, at the option of the holder, at any time after the date of issuance, into such shares of common stock as determined by dividing \$1 by the conversion price.

#### Voting

The holders of Series A preferred stock are entitled to vote, together with the holders of common shares, on all matters submitted to stockholders for a vote, including the election of persons to serve on the Company's Board. The holders are entitled to the equivalent of one vote per share, subject to anti-dilution adjustments.

#### Dividends

The holders of Series A preferred stock shall be entitled to receive dividends, on a pari passu basis on the basis of common stock held by each shareholder. For this purpose, each holder of shares of preferred stock is to be treated as holding the greatest whole number of shares of common stock issuable upon conversion of all shares of preferred stock held by such holder. During the year ended March 31, 2021, the Company has paid a total dividend of \$4,600,000 (March 31, 2020: \$Nil)

#### Liquidation rights

In the event of any liquidation event, either voluntary or involuntary, the holders of Series A preferred stock shall be entitled to receive, prior and in preference to any distribution of any asset of the Company to the holders of the common stock, an amount per share equal to sum of \$20 for each outstanding share of preferred stock.

## **NOTES TO FINANCIAL STATEMENTS (Contd.)**

(All amounts in United State Dollars, unless otherwise stated)

### **Additional paid in capital**

Additional paid in capital comprises the capital contributions relating to the issue of Company's common stock, amounts adjusted on accounting for common control transaction and tax expense attributable to Parent Company.

### **NOTE Q - RISKS AND UNCERTAINTIES**

The Company's ability to pay its interest payments and revolving credit facility is dependent on future revenue. In the event of default, the obligatory interest and principal payment shall be paid by the guarantors to the bank loan agreement.

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, but are not limited to: deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in sales; insufficient, competitive factors, including but not limited to pricing pressures; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

The management of the Company has also evaluated the possible effect of COVID – 19 on the carrying amount of trade receivables and other assets and believes that the current COVID-19 scenario is not/will not materially impact the financial statement of the Company for the year ended on March 31, 2021. The Company will continue to monitor developments to identify significant uncertainties surrounding COVID-19 and its impact on performance of the Company for future periods.

### **NOTE R - CONCENTRATION OF CREDIT RISK**

The Company concentrates its service revenues primarily with two customers which account approximately 94% of total revenue for the year ended March 31, 2021 (84% for the year ended March 31, 2020). The Company's two customers accounted for 100% of the accounts receivable as at March 31, 2021 (74% for the year ended March 31, 2020).

### **NOTE S - SUBSEQUENT EVENTS**

The Company evaluated all events and transactions that occurred after March 31, 2021 up through April 29, 2021, the date the financial statements are available to be issued. No material subsequent event has been noted.

**BOARD REPORT (SECTION 134)**

Dear Members,

The Directors have pleasure in presenting the 10<sup>th</sup> Board Report along with the Audited Financial Statements of the Company for the year ended March 31, 2021.

**1. FINANCIAL RESULTS:**

Particulars	2020-21	2019-20
	₹	₹
Profit / (Loss) Before Depreciation, exceptional items & Tax	(165,806)	(797,554)
Less: Depreciation, amortization, impairment and obsolescence	5,707	67,077
Profit / (Loss) before exceptional items and tax	(171,513)	(864,631)
Add: Exceptional Items	-	-
Profit / (Loss) before tax	(171,513)	(864,631)
Less: Provision for tax	-	-
Profit for the period carried to the Balance Sheet	(171,513)	(864,631)
Add: Other Comprehensive Income	-	-
Add: Balance brought forward from previous year	6,076,200	6,940,830
Less: Dividend paid for the year (Including dividend distribution tax)	-	-
Add: Gain / (Loss) on re-measurement of the net defined benefit plans	-	-
Balance available for disposal (which the Directors appropriate as follows)	5,904,687	6,076,200
Debenture Redemption Reserve	-	-
Balance to be carried forward	5,904,687	6,076,200

**2. THE STATE OF THE COMPANY AFFAIRS:**

The gross sales and other income for the financial year under review were ₹ 8,709/- as against Nil for the previous financial year registering an increase of 100%. The loss before tax from continuing operations including extraordinary and exceptional items was ₹ (171,513) and the loss after tax from continuing operations including extraordinary and exceptional items was ₹ (171,513) for the financial year under review as against ₹ (8,64,631) and ₹ (8,64,631) respectively for the previous financial year, registering a decrease of 80% and 80% respectively.

**COVID-19 UPDATE:**

The Company implemented safety and hygiene protocols like wearing of face masks, social distancing norms, workplace sanitation and employee awareness programs at all its plants and establishments. The protocols are regularly reviewed and updated based on revisions in guidelines received from authorities concerned from time to time.

Post business transfer which was carried in FY 2019-20 by the Company, there is no ongoing business operations. Hence the Company does not foresee any impact of Covid-19 during the year under review.

**3. CAPITAL & FINANCE:**

There has been no change in the share capital of the Company during the said financial year. As on the March 31, 2021, the total paid up equity share capital of the Company was ₹ 1,00,000/- consisting of 10000 equity shares of ₹ 10/- each, fully paid up.

**4. CAPITAL EXPENDITURE:**

As at March 31, 2021 the gross fixed and intangible assets including leased assets, stood at ₹ 445,829/- and the net fixed and intangible assets, including leased assets, at ₹ 4,516/-. There was no addition to the gross block during the year.

**5. DEPOSITS:**

The Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

**6. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

The Company has not given loan/made investment/provided guarantee or security during the year under review.

**7. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

All the related party transactions were in the ordinary course of business and at arm's length. The Board has approved all the related party transactions for the FY 2020-21 as required under the provisions of Section 177 of the Companies Act, 2013.

There are no materially significant related party transactions that may have conflict with the interest of the Company.

**8. AMOUNT TO BE CARRIED TO RESERVES:**

The Company has not transferred any amount to reserves.

**9. DIVIDEND:**

The Board of Directors has not declared any dividend for the financial year under review.

**10. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY AND THE DATE OF THE REPORT:**

There are no material changes and commitments, affecting the financial position of the Company have occurred between the end of the current financial year and the date of this Report.

**11. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**(A) Conservation of energy:**

The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity and is not included under the list of industries which should furnish information as per Rule 8 Companies (Accounts) Rules, 2014.

**(B) Technology Absorption: Nil**

The Company being Technology driven, has always adopted the latest technology trends and best practice.

**(C) Foreign exchange earnings and outgo:**

Foreign exchange earnings	Nil
Foreign exchange outgo	Nil

**12. RISK MANAGEMENT POLICY:**

The Company has in place a risk management framework and mechanism for assessment and minimization of risks. The executive management controls risk by means of a properly designed framework.

**13. DETAILS OF DIRECTORS & KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:**

Mr. Rajeev Gupta and Mr. Giri K. K. are the current Directors of the Company.

**A. Appointment of Directors:**

During the year under review, Mr. Rajeev Gupta was appointed as a Director of the Company w.e.f. July 20, 2020.

**B. Resignation of Directors:**

During the year under review, Mr. P. Ramakrishnan ceased to be a Director of the Company w.e.f. July 20, 2020. The Board places on record its appreciation for the services rendered by Mr. P. Ramakrishnan during his tenure of directorship.

The notice convening the Annual General Meeting includes the proposal for re-appointment of Director who is liable to retire by rotation.

**14. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:**

The Meetings of the Board are held at regular intervals.

During the year under review four meetings were held on May 12, 2020, July 10, 2020, October 15, 2020 and January 19, 2021.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

**15. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:**

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2021, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

**16. DIRECTORS' RESPONSIBILITY STATEMENT:**

The Board of Directors of the Company confirms that:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

**17. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD MEETINGS AND GENERAL MEETINGS:**

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

**18. PROTECTION OF WOMEN AT WORKPLACE:**

The holding company L&T Technology Services Limited has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. There were no cases of sexual harassment received in the Company during 2020-21.

**19. AUDITORS REPORT:**

The Auditors report to the shareholders does not contain any qualification, observation or comment or remark(s) which has/have an adverse effect on the functioning of the Company.

The Auditors of the Company have not reported any fraud committed against the Company by its officers or employees as specified under Section 143(12) of the Companies Act, 2013.

**20. AUDITORS:**

The Auditors, M/s AR Pai & Co, Chartered Accountants, were appointed as Statutory Auditors for a period of five continuous years from the conclusion of 5<sup>th</sup> AGM till the conclusion of 10<sup>th</sup> AGM.

The notice convening the 10<sup>th</sup> AGM includes the proposal for re-appointment of Auditors for a further term of five years. The Auditors have confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India (ICAI) and hold valid certificate issued by the Peer Review Board of ICAI.

The Auditors have also furnished a declaration confirming their independence as well as their arm's length relationship with the Company as well as declared that they have not taken up any prohibited non-audit assignments for the Company.

Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company and their appointment would be within the limits as prescribed under Section 141 of the Companies Act, 2013.

**21. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:**

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

**22. ACKNOWLEDGEMENT:**

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities and all the various stakeholders for their continued co-operation and support to the Company.

On behalf of the Board of Director of  
**ESENCIA TECHNOLOGIES INDIA PRIVATE LIMITED**

**RAJEEV GUPTA**  
 Director  
 DIN: 06782710

Date: April 30, 2021  
 Place: Mumbai

**GIRI.K. K**  
 Director  
 DIN: 07864395

Date: April 30, 2021  
 Place: Bangalore

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of  
**Esencia Technologies Private Limited**

### **Opinion**

We have audited the accompanying Ind AS financial statements of **Esencia Technologies Private Limited** ('the Company') which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including other Comprehensive Income), and the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information. (Hereinafter referred to as 'Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss and its cash flows for the year ended on that date.

### **Basis for Opinion**

We conducted our audit in accordance with the Standards of Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibility under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on these financial statements.

### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and shareholder's Information, but does not include the financial statements and our auditor's report thereon

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibility of Management for Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related

disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- (e) Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

#### **Report on other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, are not applicable to the Company during the period under report.

As required by section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of written representations received from the Directors as on 31st March, 2020, and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March, 2020, from being appointed as a Director in terms of Section 164 (2) of the Act.
- (f) Reporting on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013, is not applicable to the company with reference to notification no. G.S.R. 464(E) dated 5th June, 2015 read with amendment issued on 13th June, 2017 issued by the Ministry of Corporate Affairs; and
- (g) With respect to other matters to be included in the Auditors' 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 no pending litigations as per the information furnished to us ;
- (ii) The Company has not entered into any long term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) The Company is not liable to transfer any amount to Investor Education and Protection Fund.

For **A. R. PAI & CO.**,  
Chartered Accountants  
[Firm Registration No. 002519S]

**A. R. PAI**  
Proprietor  
[Membership No. 023139]  
UDIN: 21023139AAAAAK3906

Place: Bangalore  
Date: 30.04.2021

## **ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT**

- 1 (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) A substantial portion of the fixed assets have been physically verified by the management during the year. According to the information and explanations given to us, there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that no material discrepancies were noticed on such verification.
- 2 (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
(b) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- 3 In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clauses (a) and (b) of clause (iii) of paragraph 3 of the said Order are not applicable.
- 4 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 loans and investments made.
- 5 The Company has not accepted any deposits from the Public.
- 6 We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- 7 (a) According to the records, information and explanations, provided to us, the Company is generally regular in depositing with appropriate authorities undisputed amounts including Provident fund, Employees' state insurance, Income tax, Wealth tax, Cess, Service tax and other Statutory dues applicable to it and no undisputed amounts payable were outstanding as at March 31, 2020 for a period of more than six months from the date they became payable.  
(b) According to the information and explanations given to us, there are no dues on income-tax, Provident fund, Wealth tax, Service tax and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute.
- 8 Based on our audit procedures and on the information and explanations given by the management, the Company has not defaulted in repayment of dues to any financial institution or bank and government or debenture holders
- 9 In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments).
- 10 According to information and explanations given to us no material fraud by the Company or on the Company by its officer and employees has been noticed or reported during the course of audit.
- 11 The company is a private limited company and hence paragraph 3(xi) of the order is not applicable.
- 12 In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly paragraph 3(xii) of the Order is not applicable.
- 13 According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- 14 According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- 15 According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him in violation of section 192 of the act. Accordingly, paragraph 3(xv) of the Order is not applicable.
- 16 The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **A. R. PAI & CO.**,  
Chartered Accountants  
[Firm Registration No.002519S]

**A. R. PAI**  
Proprietor  
[Membership No. 023139]  
UDIN: 21023139AAAAAK3906

Place: Bangalore  
Date: 30.04.2021

**BALANCE SHEET AS AT MARCH 31, 2021**

Particulars	Note No.	As at 31-03-2021	As at 31-03-2020
		₹	₹
<b>ASSETS:</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	3	4,516	10,223
(b) Other intangible assets	4	-	-
(c) Financial assets	5	-	-
(d) Deferred tax assets (net)	6	60,498	60,498
(e) Other non current assets	7	-	135,440
<b>Total non-current assets</b>		<b>65,014</b>	<b>206,161</b>
<b>II. Current assets</b>			
(a) Financial assets			
(i) Investments	8	-	-
(ii) Trade receivables	9	-	-
(iii) Cash and cash equivalents	10	3,140,795	3,108,595
(iv) Other bank balances	11	-	-
(v) Other financial assets	12	32,650	32,650
(b) Other current assets	13	2,918,108	2,896,297
(c) Current Tax Assets (net)			
<b>Total current assets</b>		<b>6,091,553</b>	<b>6,037,542</b>
<b>TOTAL ASSETS</b>		<b>6,156,567</b>	<b>6,243,703</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I. Equity</b>			
(a) Equity share capital	14	100,000	100,000
(b) Other equity		5,904,687	6,076,200
<b>Total equity</b>		<b>6,004,687</b>	<b>6,176,200</b>
<b>II. Liabilities</b>			
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Short-term borrowings	15	-	-
(ii) Trade payables	16	139,730	61,000
(iii) Other financial liabilities	17	-	53
(b) Other current liabilities	18	12,150	6,450
(c) Provisions	19	-	-
(d) Current tax liabilities (net)		-	-
<b>Total current liabilities</b>		<b>151,880</b>	<b>67,503</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,156,567</b>	<b>6,243,703</b>
Notes forming part of the financial statements	1-36		

As per our report attached  
**A.R.PAI & CO.,**  
 Chartered Accountants  
 Firm's Registration No. 002519S  
 By the hand of

For and on behalf of the Board of Directors of  
 Esencia Technologies India Pvt Ltd

**A.R. PAI**  
 Proprietor  
 Membership no. 23139

**RAJEEV GUPTA**  
 Director  
 DIN : 06782710

**GIRI K K**  
 Director  
 DIN: 07864395

Place: Bangalore  
 Date: April 30th 2021

Place: Mumbai  
 Date: April 30th 2021

Place: Bangalore  
 Date: April 30th 2021

**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED ON MARCH 31, 2021**

Particulars	Note No.	Year Ended	Year ended
		31-03-2021	31-03-2020
		₹	₹
I. Revenue from operations	20	-	-
II. Other income	21	8,790	-
III. <b>TOTAL REVENUE</b>		<b>8,790</b>	<b>-</b>
IV. <b>Expenses:</b>			
(a) Employee benefit expenses	22	-	4,377
(b) Depreciation and amortisation expenses		5,707	67,077
(c) Other expenses	23	174,596	793,027
(d) Finance costs	24	-	150
<b>TOTAL EXPENSES</b>		<b>180,303</b>	<b>864,631</b>
V. <b>PROFIT BEFORE TAX (III - IV)</b>		<b>(171,513)</b>	<b>(864,631)</b>
VI. <b>Tax expense :</b>			
(a) Current tax		-	-
MAT credit		-	-
(b) Deferred tax		-	-
<b>TOTAL TAX EXPENSE</b>	25	<b>-</b>	<b>-</b>
VII. <b>PROFIT FOR THE YEAR (V - VI)</b>		<b>(171,513)</b>	<b>(864,631)</b>
IX. <b>TOTAL COMPREHENSIVE INCOME, NET OF TAXES</b>		<b>(171,513)</b>	<b>(864,631)</b>
X. <b>EARNING PER EQUITY SHARE</b>	26		
Basic - Rupee		(1.72)	(8.65)
Diluted - Rupee		(1.72)	(8.65)
Face value per equity share		10.00	10.00

As per our report attached  
**A.R.PAI & CO.,**  
 Chartered Accountants  
 Firm's Registration No. 002519S  
 By the hand of

For and on behalf of the Board of Directors of  
 Esencia Technologies India Pvt Ltd

**A.R. PAI**  
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**RAJEEV GUPTA**  
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 DIN : 06782710

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 DIN : 07864395

Place: Bangalore  
 Date: April 30th 2021

Place: Mumbai  
 Date: April 30th 2021

Place: Bangalore  
 Date: April 30th 2021

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2021**

	Year Ended 31-03-2021 ₹	Year ended 31-03-2020 ₹
<b>A. Cash flow from operating activities:</b>		
Profit before tax	(171,513)	(864,631)
<b>Adjustments for:</b>		
Depreciation and amortisation	5,707	67,077
Interest received	(8,790)	150
Interest paid	-	-
(Profit)/Loss on sale of fixed assets	-	-
Dividends received from current investments	-	-
Unrealized gain/(loss)	-	-
<b>Operating profit before working capital changes</b>	<b>(174,596)</b>	<b>(797,404)</b>
<b>Changes in working capital</b>		
(Increase)/decrease in trade receivables	-	-
(Increase)/decrease in other receivables	113,629	2,393,024
Increase/(decrease) in trade & other payables	84,377	(397,270)
<b>(Increase)/decrease in working capital</b>	<b>198,006</b>	<b>1,995,754</b>
<b>Cash generated from operations</b>	<b>23,410</b>	<b>1,198,350</b>
Direct taxes paid	-	-
<b>Net cash used in / from operating activities</b>	<b>23,410</b>	<b>1,198,350</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets (net)	-	-
(Purchase)/ sale of current investments (net)	-	-
Dividends received from current investments	-	-
Interest received	8,790	-
<b>Net cash used in / from investing activities</b>	<b>8,790</b>	<b>-</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from/(repayment of) borrowings (net)	-	-
Interest paid	-	(150)
<b>Net cash used in / from financing activities</b>	<b>-</b>	<b>(150)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>32,200</b>	<b>1,198,200</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>3,108,595</b>	<b>1,910,395</b>
<b>Cash and cash equivalents at end of year</b>	<b>3,140,795</b>	<b>3,108,595</b>
<b>Notes:</b>		
1 Cash flow has been prepared under the indirect method as set out in the Ind AS - 7		
2 Cash and cash equivalents included in Cash Flow Statement comprise the following :		
Cash and cash equivalents disclosed under current assets	3,140,795	3,108,595
Other bank balances disclosed under current assets	-	-
Other bank balances disclosed under non-current assets	-	-
	<b>3,140,795</b>	<b>3,108,595</b>

As per our report attached

**A.R.PAI & CO.,**  
Chartered Accountants  
Firm's Registration No. 002519S  
By the hand of

**A.R. PAI**  
Proprietor  
Membership no. 23139

Place: Bangalore  
Date: April 30th 2021

For and on behalf of the Board of Directors of  
Esencia Technologies India Pvt Ltd

**RAJEEV GUPTA**  
Director  
DIN : 06782710

Place: Mumbai  
Date: April 30th 2021

**GIRI K K**  
Director  
DIN: 07864395

Place: Bangalore  
Date: April 30th 2021

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021**

(₹)

Particulars	Other Equity		Total equity attributable to equity holders of the Company
	Equity Share Capital	Reserves & Surplus	
		Retained earnings	
<b>Balance as at 01-04-2019</b>	100,000	6,940,831	7,040,831
Profit for the year	–	(864,631)	(864,631)
Other comprehensive income	–	–	–
<b>Balance as at 31-03-2020</b>	<b>100,000</b>	<b>6,076,200</b>	<b>6,176,200</b>
<b>Balance as at 01-04-2020</b>	<b>100,000</b>	<b>6,076,200</b>	<b>6,176,200</b>
Profit for the year	–	(171,513)	(171,513)
<b>Balance as at 31-03-2021</b>	<b>100,000</b>	<b>5,904,687</b>	<b>6,004,687</b>

As per our report attached  
**A.R.PAI & CO.,**  
 Chartered Accountants  
 Firm's Registration No. 002519S  
 By the hand of

**A.R. PAI**  
 Proprietor  
 Membership no. 23139

Place: Bangalore  
 Date: April 30th 2021

For and on behalf of the Board of Directors of  
 Esencia Technologies India Pvt Ltd

**RAJEEV GUPTA**  
 Director  
 DIN : 06782710

Place: Mumbai  
 Date: April 30th 2021

**GIRI K K**  
 Director  
 DIN: 07864395

Place: Bangalore  
 Date: April 30th 2021

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

Esencia Technologies India Private Limited is a private company incorporated and domiciled in India and has its registered office at 26, 3rd Floor, 60 Feet Road, 5th Cross, 5th Block, Koramangala, Bangalore - 560095.

As at March 31, 2021, L&T Technology Services Limited, the holding company, owns 100% of the Company's equity share capital

The unconsolidated financial statements of the Company for the year ended March 31, 2021 were approved for issue by the Board of Directors on April 30, 2021.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### a) Statement of compliance

The company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 (to the extent notified) and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 issued by Ministry of Corporate Affairs in respect of sections 133 read with sub-section (1) of Section 210A of the Companies Act, 1956 (1 of 1956). In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment.

#### b) Basis of preparation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard required a change in the accounting policy hitherto is used.

#### c) Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

#### d) Presentation of financial statements

The balance sheet and the statement of profit and loss are prepared in the format prescribed in the schedule III to the Companies Act, 2013 ("the Act"). The cash flow statement has been prepared and presented as per the requirements of Ind AS 7 "Cash Flow Statements". The disclosure requirements with respect to items in balance sheet and statement of profit and loss, as prescribed in the schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Ind AS.

#### e) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any. Depreciation is provided for property, plant and equipment so as to expense the cost over their estimated useful lives based on evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

Asset class	Useful life (years)
Computers *	3
Network Equipments *	5
Office equipment *	4
Furniture and fixtures *	10

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

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

#### f) Leases

##### (a) Operating leases

Assets acquired on leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on accrual basis.

## NOTES FORMING PART OF FINANCIAL STATEMENTS (CONTD.)

### g) Impairment of assets

#### a) Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets (other than goodwill) are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss

### h) Foreign currencies

The functional currency of the Company is the Indian rupee (₹).

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

### i) Income-tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

#### Current income taxes

The current income tax expense includes income taxes payable by the Company.

Provision for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intend to settle the asset and liability on a net basis.

#### Deferred income taxes

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

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

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

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company recognizes interest levied related to income tax assessments in interest expenses.

### j) Provisions, contingent liabilities and contingent assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a) The Company has a present obligation as a result of a past event; and
- b) A probable outflow of resources is expected to settle the obligation; and
- c) The amount of the obligation can be reliably estimated

Contingent liability is disclosed in the case of

- a) A present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or
- b) A present obligation arising from past events, when no reliable estimate is possible; or
- c) A possible obligation unless the probability of outflow of resources is remote

Contingent assets are neither recognized nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

**NOTES FORMING PART OF FINANCIAL STATEMENTS (CONTD.)****k) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**l) Earnings per equity share**

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average numbers of the equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**m) Operating cycle for current and non-current classification**

Operating cycle for the business activities of the company covers the duration of the project/contract/service and extends up to the realization of receivables within the credit period normally applicable to the respective lines of business.

**n) Borrowing Costs**

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets.



**NOTES FORMING PART OF ACCOUNTS (CONTD.)**

	As at 31-03-2021	As at 31-03-2020
	₹	₹
<b>10 CASH AND CASH EQUIVALENTS</b>		
Balances with banks	3,140,795	3,108,595
Cheque on hand	-	-
Remittance in transit	-	-
Deposits with maturity less than three months	-	-
Cash on hand	-	-
	<u>3,140,795</u>	<u>3,108,595</u>
<b>11 OTHER BANK BALANCES</b>		
Fixed deposits with banks	-	-
	<u>-</u>	<u>-</u>
<b>12 OTHER FINANCIAL ASSETS</b>		
Receivable from Related Party	-	-
	<u>-</u>	<u>-</u>
Security deposits	1,000	1,000
Other receivables	31,650	31,650
	<u>32,650</u>	<u>32,650</u>
<b>13 OTHER CURRENT ASSETS</b>		
Unbilled revenue	-	-
Less: ECL on unbilled revenue	-	-
	<u>-</u>	<u>-</u>
Prepaid expenses	68,107	68,107
GST receivable	2,850,001	2,828,113
GST / Service tax recoverable	-	77
	<u>2,918,108</u>	<u>2,896,297</u>
	<u>2,918,108</u>	<u>2,896,297</u>
<b>14 SHARE CAPITAL</b>		
<b>14.1 Authorised :</b>		
10,000 Equity shares of ₹ 10 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
<b>14.2 Issued, subscribed and paid up</b>		
10,000 Equity shares of ₹ 10 each	100,000	100,000
<b>Total issued, subscribed and paid up capital</b>	<u>100,000</u>	<u>100,000</u>
<b>14.3 In the period of five years immediately preceding March 31,2021:</b>		
Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash - Nil		
Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil		
Aggregate number and class of shares bought back - Nil		
<b>14.4 Terms/rights attached to equity shares</b>		
The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.		
<b>14.5 Reconciliation of the shares outstanding at the beginning and at the end of the year</b>		
There were no movements in the number of equity shares outstanding at the beginning and at the end of the year.		

**NOTES FORMING PART OF ACCOUNTS (CONTD.)****14.5 Shares of the company held by holding company**

Equity shares	As at 31-03-2021		As at 31-03-2020	
	No. of shares	% Holding	No. of shares	% Holding
L&T Technology Services Limited	10,000	100%		
Esencia Technologies Inc			10,000	100%
	<u>10,000</u>		<u>10,000</u>	

**14.6 Shareholders holding more than 5% of equity shares as at the end of the year**

Equity shares	As at 31-03-2021		As at 31-03-2020	
	No. of shares	% Holding	No. of shares	% Holding
L&T Technology Services Limited	10,000	100%		
Esencia Technologies Inc			10,000	100%

**15 SHORT-TERM BORROWINGS**

Unsecured:

ICB from Parent Company

As at 31-03-2021	As at 31-03-2020
₹	₹
<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>

**16 TRADE PAYABLES**

Due to Related Parties

Micro and small enterprises

Due to Others:

Liability for revenue goods/services

Supplier ledger - Revenue goods/Services

<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>
<u>111,000</u>	<u>61,000</u>
<u>28,730</u>	<u>-</u>
<u>139,730</u>	<u>61,000</u>

**17 OTHER FINANCIAL LIABILITIES**

Due to Others :

Other payables

Liability towards employee compensation

<u>-</u>	<u>53</u>
<u>-</u>	<u>-</u>
<u>-</u>	<u>53</u>

**18 OTHER CURRENT LIABILITIES**

Unearned Revenue

Other payables

Liability - employee car/computer schemes

<u>-</u>	<u>-</u>
<u>12,150</u>	<u>6,450</u>
<u>-</u>	<u>-</u>
<u>12,150</u>	<u>6,450</u>

**19 PROVISIONS**

Provisions for employee benefits :

Leave encashment

<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>
<b>Year ended 31-03-2021</b>	<b>Year ended 31-03-2020</b>
₹	₹

**20 REVENUE FROM OPERATIONS**

Engineering and technology services

<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>

**NOTES FORMING PART OF ACCOUNTS (CONTD.)**

	Year ended 31-03-2021	Year ended 31-03-2020
	₹	₹
<b>21 OTHER INCOME</b>		
Foreign exchange gain / (loss)	-	
Profit/(loss) on sales of fixed asset	-	
Dividend income and gain / (loss) from mutual fund	-	
Interest received on fixed deposit with banks		
Bank interest received	8,790	
Miscellaneous income	-	
	<u>8,790</u>	<u>-</u>
<b>EXPENSE</b>		
<b>22 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries including overseas staff expenses	-	
Staff welfare	-	4,377
Contribution to provident and other funds	-	
Provision for Gratuity	-	
	<u>-</u>	<u>4,377</u>
<b>23 OTHER OPERATING EXPENSES</b>		
Travelling and conveyance	-	1,576
Rent and establishment expenses	(53)	352,112
Telephone, postage and other communication charges	-	9,884
Legal and professional charges	159,712	104,300
Repairs to buildings & machineries	-	245,833
Power and fuel	-	42,072
Rates & taxes	12,577	-
Miscellaneous expenses	2,360	37,250
	<u>174,596</u>	<u>793,027</u>
<b>24 FINANCE COST</b>		
Interest paid		
Bank interest paid	-	150
Interest paid/payable - others	-	
	<u>-</u>	<u>150</u>
<b>25 PROVISION FOR TAXATION</b>		
Current tax	-	-
Deferred tax	-	-
MAT credit	-	-
	<u>-</u>	<u>-</u>

**NOTES FORMING PART OF ACCOUNTS (CONTD.)**

	Year ended 31-03-2021 ₹	Year ended 31-03-2020 ₹
<b>26 BASIC AND DILUTED EARNING PER EQUITY SHARE (EPS)</b>		
Basic and diluted EPS		
Profit after tax	(171,513)	(864,631)
Less: Dividend on preference shares	-	-
Less: Tax on dividend	-	-
Profit attributable to equity shareholders	(171,513)	(864,631)
Weighted average no. of equity shares outstanding	100,000	100,000
Basic EPS - Rupees	(1.72)	(8.65)
Diluted		
Profit after tax	(171,513)	(864,631)
Less: Dividend on preference shares	-	-
Less: Tax on dividend	-	-
Profit attributable to equity shareholders	(171,513)	(864,631)
Weighted average no. of equity shares outstanding	100,000	100,000
Add - No. of potential equity shares	-	-
Weighted average no. of equity shares outstanding	100,000	100,000
Diluted EPS - Rupees	(1.72)	(8.65)
<b>27 DETAILS OF PAYMENT TO AUDITORS</b>		
<b>Payment to auditors</b>		
<b>As auditor:</b>		
Audit fee	50,000	50,000
Tax Audit Fees	-	-
	<u>50,000</u>	<u>50,000</u>

**28 FAIR VALUE MEASUREMENTS**

**Financial instrument by category**

(₹)

	As at 31-03-2021			As at 31-03-2020		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
<b>Financial assets</b>						
-Bank fixed deposits	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-
Cash and cash equivalents	-	-	3,140,795	-	-	3,108,595
Other bank balances	-	-	-	-	-	-
Foreign currency forward and options contracts	-	-	-	-	-	-
Security deposits	-	-	-	-	-	-
Premium receivable on financial guarantee contracts	-	-	-	-	-	-
Loans - related parties	-	-	-	-	-	-
Advances - to employees	-	-	-	-	-	-
Other financial assets	-	-	32,650	-	-	32,650
<b>Total financials assets</b>	-	-	<b>3,173,445</b>	-	-	<b>3,141,245</b>
<b>Financial liabilities</b>						
Borrowings	-	-	-	-	-	-
Trade payables	-	-	139,730	-	-	61,000
Other financial liabilities	-	-	-	-	-	-
<b>Total financials liabilities</b>	-	-	<b>139,730</b>	-	-	<b>61,000</b>

**NOTES FORMING PART OF ACCOUNTS (CONTD.)****(i) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements	As at 31-03-2021			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial investment at FVPL				
Mutual funds	-	-	-	-
Financial investment at FVOCI				
Foreign currency forward and options contracts	-	-	-	-
<b>Total financials assets</b>	-	-	-	-
<b>Financial liabilities</b>				
Forward contract payable	-	-	-	-
<b>Total financials liabilities</b>	-	-	-	-

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There were no transfers between the levels during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**(ii) Valuation technique used to determine fair value**

Specific valuation technique used to value financial instruments include :

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.

**(iii) Valuation processes**

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The fair valuation of level 1 and level 2 classified assets and liabilities are readily available from the quoted prices in the open market and rates available in secondary market respectively. The valuation method applied for various financial assets and liabilities are as follows -

- Quoted price in the primary market (net asset value) considered for the fair valuation of the current investment i.e Mutual fund. Gain/ (loss) on fair valuation is recognised in statement of profit and loss.
- The carrying amounts of trade receivable, trade payable, cash and bank balances, short term loans and advances, statutory dues/ receivable, short term borrowing, employee dues are considered to be the same as their fair value due to their short-term nature.
- The fair value of premium receivable on financial guarantee contract is derived by discounting premium receivable over the period of contract. Thereafter, the same is carried at the amount initially recognised less the cumulative amortisation of income over the period of the contract.
- The fair value of security deposit is calculated by discounting future cash inflows.

**(iv) Fair value of financial assets and financial liabilities measured at amortised cost:**

The carrying amounts of all financials assets and financial liabilities are considered to be the same as their fair values due to their short term nature.

## NOTES FORMING PART OF ACCOUNTS (CONTD.)

### 29 TAX RECONCILIATION STATEMENT

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

(₹)

Particulars	2020-21	2019-20
Profit Before Income Taxes	-171,513	-864,631
Corporate Income Tax Rate	0.000%	0.000%
Tax at Income tax rate	-	-
Tax effect of non-deductible expenses	-	-
Reversal of Deferred Tax Asset	-	-
Adjustment of previous periods	-	-
Total Tax Expense as per books of accounts	-	-

### 30 RELATED PARTY DISCLOSURE

#### (i) List of related parties which can exercise control:

Name	Relationship
L&T Technology Services Limited	Holding Company
Larsen & Toubro Limited	Ultimate Holding Company

#### (ii) List of directors as on 31st March 2020

Name	Designation
Rajeev Gupta	Director
Giri Kunnathur Krishnamaraj	Director

#### (iii) List of related parties with whom there were transactions during the year:

Name	Relationship
Larsen & Toubro Limited	Ultimate Holding Company

#### (iv) Disclosure of related party transactions

(₹)

Transaction	31-Mar-21	31-Mar-20
<b>Sale of services :</b>		
<b>Holding Company</b>	-	-
-Esencia Technologies Inc	-	-
<b>Services availed by Company :</b>		
<b>Holding Company</b>	-	-
-L&T Technology Services Limited	-	-
<b>Ultimate Holding Company</b>	26,000	26,000
-Larsen & Toubro Ltd.	26,000	26,000
<b>Services rendered by the company :</b>		
<b>Holding Company</b>	-	-
-L&T Technology Services Limited	-	-
<b>Trade receivable :</b>		
<b>Holding Company</b>	28,730	-
-Larsen & Toubro Ltd.	28,730	-

**NOTES FORMING PART OF ACCOUNTS (CONTD.)****31 SEGMENT REPORTING****Business segments:**

As the Company's business activity primarily falls within a single primary business segment, viz engineering, programming and testing services, the disclosure requirements of IND AS 108 'Operating Segments' are not applicable.

**Geographical segments:**

The company does not have operation outside India. Hence, disclosure of geographical segment does not arise.

Assets used and liabilities contracted for performing the Company's business have not been identified to any of the above reported segments as they are used inter-changeably among segments.

- 32** Based on the information and records available with the Company, there are no amounts payable to micro and small enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006
- 33** The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.
- 34** There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2021.
- 35** Contingent Liability - ₹ Nil (₹ Nil)
- 36** Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report attached

**A.R.PAI & CO.,**  
Chartered Accountants  
Firm's Registration No. 002519S  
By the hand of

**A.R. PAI**  
Proprietor  
Membership no. 23139

Place: Bangalore  
Date: April 30th 2021

For and on behalf of the Board of Directors of  
Esencia Technologies India Pvt Ltd

**RAJEEV GUPTA**  
Director  
DIN : 06782710

Place: Mumbai  
Date: April 30th 2021

**GIRI K K**  
Director  
DIN: 07864395

Place: Bangalore  
Date: April 30th 2021

**BOARD REPORT**

Dear Members,

The Directors have pleasure in presenting their Board Report and Management Certified Accounts for the year ended March 31, 2021.

**1. FINANCIAL RESULTS:**

Particulars	2020-21	2019-20
	SGD	SGD
Total Income	612,693	753,629
Total Expenditure	677,330	865,232
Operating Profit / (Loss)	(64,637)	(111,603)
Add: Interest/Other Income	-	865
Less: Finance Costs	-	-
Profit / (Loss) before Tax	(64,637)	(110,738)
Less : Tax	-	-
Net Profit / (Loss) after Tax	(64,637)	(110,738)
Add: Balance b/f from previous year	121,968	232,706
Balance available for disposal which directors appropriate as follows:	57,331	121,968
Dividend	-	-
Transfer to Reserves	-	-
Balance to be carried forward	57,331	121,968

**2. CAPITAL & FINANCE:**

During the year under review, the Company has not issued any shares. There was no loan outstanding as on 31<sup>st</sup> March, 2021.

**3. CAPITAL EXPENDITURE:**

As at March 31, 2021, the gross fixed and intangible assets including leased assets, stood at SGD 619 and the net fixed and intangible assets, including leased assets, at Nil. Capital Expenditure during the year amounted to Nil.

**4. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

The Company has not given loan/made investment/provided guarantee or security during the year under review.

**5. STATE OF COMPANY AFFAIRS:**

The gross sales and other income for the financial year under review were SGD 612,693 as against SGD 754,494 for the previous financial year registering a decrease of 18.8%. The (loss) before tax from continuing operations including extraordinary and exceptional items was SGD (64,637) and the (loss) after tax from continuing operations including extraordinary and exceptional items was SGD (64,637) for the financial year under review as against SGD (110,738) and SGD (110,738) respectively for the previous financial year registering a decrease of 41.6% and 41.6% respectively.

**6. AMOUNT TO BE CARRIED TO RESERVE:**

As at March 31, 2021, the Company has not transferred any amount to reserves.

**7. DIVIDEND:**

The Board of Directors has not declared any dividend for the financial year under review.

**8. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:**

There are no material changes affecting the financial position of the Company between the end of the financial year and the date of the Report.

**9. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

During the year under review, there were no material and significant orders passed by the regulators or courts impacting the going concern status and the Company's operations in future.

**10. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:**

During the year under review, Mr. Vilas Bhade and Mr. Vinay Heballi ceased to act as Directors of the Company with effect from October 12, 2020 and December 3, 2020, respectively.

The Board places on record its appreciation for the services rendered by Mr. Vilas Bhade and Mr. Vinay Heballi during their tenure as Directors of the Company.

Mr. Giri K. K., Mr. Rajeev Gupta and Mr. Abhishek were appointed as the Directors of the Company on October 12, 2020, December 3, 2020 and December 3, 2020 respectively.

The current Directors of the Company are Mr. Rajeev Gupta, Mr. Abhishek, Mr. Giri K. K. and Ms. Haslina Binte Abu Bakar.

**11. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:**

During the year under review 1 meeting was held on February 22, 2021.

**12. DIRECTORS' RESPONSIBILITY STATEMENT:**

The Board of Directors of the Company confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

**13. ACKNOWLEDGEMENT:**

Your Members acknowledge the invaluable support extended by the Government authorities in Singapore and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

**MR. RAJEEV GUPTA**  
*Director*

**MR. GIRI K. K.**  
*Director*

*Date: April 29, 2021*  
*Place: Mumbai*

*Date: April 29, 2021*  
*Place: Bangalore*

**BALANCE SHEET AS AT MARCH 31, 2021**

Particulars	Note No.	As at 31-03-2021 SGD	As at 31-03-2020 SGD
<b>ASSETS:</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	1	-	-
(b) Capital work-in-progress		-	-
(c) Goodwill		-	-
(d) Other intangible assets		-	-
(e) Financial assets		-	-
(i) Investments		-	-
(ii) Other financial assets	2	1,680	1,680
(f) Deferred tax assets (net)		-	-
(g) Other non current assets		-	-
<b>Total non-current assets</b>		<b>1,680</b>	<b>1,680</b>
<b>II. Current assets</b>			
(a) Financial assets		-	-
(i) Investments		-	-
(ii) Trade receivables		-	-
(iii) Cash and cash equivalents	3	316,088	174,483
(iv) Other bank balances		-	-
(v) Loans		-	-
(vi) Other financial assets	4	50,900	63,467
(b) Other current assets	5	16,542	16,542
<b>Total current assets</b>		<b>383,530</b>	<b>254,492</b>
<b>TOTAL ASSETS</b>		<b>385,210</b>	<b>256,172</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>I. Equity</b>			
(a) Equity share capital	6	60,501	60,501
(b) Other equity	7	57,331	121,968
<b>Total equity</b>		<b>117,832</b>	<b>182,469</b>
<b>II. LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities		-	-
(i) Other financial liabilities		-	-
(b) Provisions		-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Current liabilities</b>			
(a) Financial liabilities		-	-
(i) Short-term borrowings		-	-
(ii) Trade payables	8	35,554	49,594
(iii) Other financial liabilities	9	220,507	-
(b) Other current liabilities	10	9,520	11,810
(c) Provisions		-	-
(d) Current tax liabilities (net)	11	1,797	12,299
<b>Total current liabilities</b>		<b>267,378</b>	<b>73,703</b>
<b>Total liabilities</b>		<b>267,378</b>	<b>73,703</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>385,210</b>	<b>256,172</b>

For and on behalf of the Board of Directors of Graphene Solutions Pte. Ltd.

RAJEEV GUPTA  
DirectorDate: April 29, 2021  
Place: Mumbai, India

**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2021**

Particulars	Note No.	Period ended	Period ended
		31-03-2021	31-03-2020
		SGD	SGD
I. Revenue from operations	12	612,693	753,629
II. Other income (net)	13	-	865
III. <b>Total income</b>		<b>612,693</b>	<b>754,494</b>
IV. <b>Expenses:</b>			
(a) Employee benefit expenses	14	655,765	809,994
(b) Depreciation and amortisation expenses		-	-
(c) Other expenses	15	21,565	55,238
(d) Finance costs		-	-
<b>Total expenses</b>		<b>677,330</b>	<b>865,232</b>
V. <b>Profit before tax (III - IV)</b>		<b>(64,637)</b>	<b>(110,737)</b>
VI. <b>Tax expense:</b>			
(a) Current tax		-	-
(b) Tax Adjustments of prior periods		-	-
(c) Deferred tax		-	-
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
VII. <b>Profit for the period (V - VI)</b>		<b>(64,637)</b>	<b>(110,737)</b>
VIII. <b>Other comprehensive income</b>			
(A) (i) Items that will not be reclassified to the statement of profit and loss			
(a) Remeasurement of the defined benefit plans		-	-
(ii) Income tax on items that will not be reclassified to the statement of profit and loss		-	-
(B) (i) Items that will be reclassified subsequently to the statement of profit or loss			
(a) Effective portion of gains and losses on hedging instruments in a cash flow hedge		-	-
(b) Exchange differences on the translation of foreign operation		-	-
(ii) Income tax relating to items that will be reclassified subsequently to the statement of profit or loss		-	-
IX. <b>Total comprehensive income for the period</b>		<b>(64,637)</b>	<b>(110,736)</b>
<b>Profit for the period attributable to:</b>			
- Owners of the Company		<b>(64,637)</b>	<b>(110,737)</b>
- Non-controlling interest		-	-
<b>Other comprehensive income for the period attributable to :</b>			
- Owners of the Company		-	-
- Non-controlling interest		-	-
<b>Total comprehensive income for the period attributable to :</b>			
- Owners of the Company		<b>(64,637)</b>	<b>(110,736)</b>
- Non-controlling interest		-	-

For and on behalf of the Board of Directors of Graphene Solutions Pte. Ltd.

**RAJEEV GUPTA**

Director

Date: April 29, 2021

Place: Mumbai, India

**STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED MARCH 31, 2021**

Particulars	Period ended 31-03-2021 SGD	Period ended 31-03-2020 SGD
<b>A. Cash flow from operating activities</b>		
Profit before tax	(64,637)	(110,738)
<b>Adjustments for:</b>		
Depreciation and amortisation	-	-
Interest received	-	-
Interest paid	-	-
<b>Operating profit before working capital changes</b>	<b>(64,637)</b>	<b>(110,738)</b>
<b>Changes in working capital</b>		
(Increase)/decrease in trade and other receivables	-	120,496
(Increase)/decrease in other receivables	12,567	58,054
Increase/(decrease) in trade and other payables	204,177	(35,572)
<b>(Increase)/decrease in working capital</b>	<b>216,744</b>	<b>142,978</b>
<b>Cash generated from operations</b>	<b>152,107</b>	<b>32,240</b>
Direct taxes paid	(10,502)	(11,674)
<b>Net cash (used in)/from operating activities</b>	<b>141,605</b>	<b>20,566</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangibles	-	-
Interest received	-	-
<b>Net cash (used in)/from investing activities</b>	<b>-</b>	<b>-</b>
<b>C. Cash flow from financing activities</b>		
Equity share capital issued including share premium	-	-
Interest paid	-	-
<b>Net cash (used in) / from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>141,605</b>	<b>20,566</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>174,483</b>	<b>153,917</b>
<b>Cash and cash equivalents at end of period</b>	<b>316,088</b>	<b>174,483</b>

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For and on behalf of the Board of Directors of Graphene Solutions Pte. Ltd.

**RAJEEV GUPTA**  
Director

Date: April 29, 2021  
Place: Mumbai, India

**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2021****A. Equity share capital**

SGD

Particulars	01.04.2020 to 31.03.2021		01.04.2019 to 31.03.2020	
	No. of shares	Amount	No. of shares	Amount
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the period	60,501	60,501	60,501	60,501
Add/(Less): Shares issued on exercise of employee stock options during the period	-	-		
Add/(Less): Reorganization of share capital, reduction of face value	-	-		
Add/(Less): Fresh issue of equity shares	-	-		
Issued, subscribed and fully paid up equity shares outstanding at the end of the period	60,501	60,501	60,501	60,501

**B. Other equity**

SGD

Particulars	Reserves and Surplus		Total
	Retained earnings		
Opening Balance		121,968	121,968
Profit for the period (a)		(64,637)	(64,637)
Other comprehensive income (net of taxes) (b)		-	-
<b>Total comprehensive income for the period (a+b)</b>		<b>(64,637)</b>	<b>(64,637)</b>
<b>Closing Balance</b>		<b>57,331</b>	<b>57,331</b>

For and on behalf of the Board of Directors of **Graphene Solutions Pte. Ltd.****RAJEEV GUPTA**  
DirectorDate: April 29, 2021  
Place: Mumbai, India

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

### **A. CORPORATE INFORMATION**

Graphene Solutions Pte. Ltd. was incorporated and domiciled in Singapore and has its registered office at 30, Cecil Street, #19-08, Prudential Tower, Singapore, 049712.

As at March 31, 2021, L&T Technology Services Limited, the holding company, owns 100% of the Company's equity share capital.

### **B. SIGNIFICANT ACCOUNTING POLICIES**

#### **a) Statement of compliance**

These financial statements have been prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in Singapore to reflect the financial position, results of operations and cash flows of the Company.

All amounts are stated in SGD, except as otherwise specified.

#### **b) Basis of accounting**

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### **c) Operating cycle for current and non-current classification**

Operating cycle for the business activities of the Company covers the duration of the project/contract/service and extends up to the realization of receivables within the credit period normally applicable to the respective lines of business.

#### **d) Revenue Recognition**

The Company derives revenue from Engineering Research and Development (ER&D) services, which are a set of services provided to manufacturing, technology and process engineering companies, to help them develop and build products, processes and infrastructure required to deliver products and services to their end customers. Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Group/Company expects to receive in exchange for those services:

- a. Revenue from contracts which are on time and material basis are recognized when services are rendered, and related costs are incurred.
- b. Revenue from fixed-price contracts where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity.
- c. Revenues in excess of invoicing are classified as contract assets (unbilled revenue).
- d. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company presents revenue net of discounts, collection charges, indirect taxes and value-added taxes in its statement of profit and loss.
- e. 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 customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date as per contract.

#### **e) Other income**

- a. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.
- b. Dividend income is accounted in the period in which the right to receive the same is established.
- c. Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

#### **f) Exceptional items**

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and the same is disclosed in the notes to accounts.

#### **g) Leases**

##### **a. Operating leases**

Assets acquired on leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on accrual basis.

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

### **h) Financial instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

#### **(i) Non-derivative financial assets**

##### **a. Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are represented by trade receivables, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

### **i) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other deposits with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **j) Current income taxes**

The current income tax expense includes income taxes payable by the Company.

Provision for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intend to settle the asset and liability on a net basis.

### **k) Provisions, contingent liabilities and contingent assets**

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- i) The Company has a present obligation as a result of a past event;
- ii) A probable outflow of resources is expected to settle the obligation; and
- iii) The amount of the obligation can be reliably estimated

Contingent liability is disclosed in the case of

- i) A present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or
- ii) A possible obligation unless the probability of outflow of resources is remote

Contingent Liabilities as at March 31, 2021 is SGD Nil.

Contingent assets are neither recognized nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

### **l) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**NOTES FORMING PART OF ACCOUNTS****1 FIXED ASSETS****Tangible Assets****Gross Block**

Particulars	Office equipments	Total
Balance as on 01-04-2020	619	619
Additions		-
Deductions	-	-
Balance as on 31-03-2021	619	619
Depreciation		-
Balance as on 01-04-2020	619	619
For the Year		-
On Deductions	-	-
Balance as on 31-03-2021	619	619
Net Block as at		-
31/03/2021	-	-

	As at 31-03-2021	As at 31-03-2020 "
	SGD	SGD
<b>2 OTHER FINANCIAL ASSETS</b>		
Security deposits	1,680	1,680
	<u>1,680</u>	<u>1,680</u>
<b>3 CASH AND CASH EQUIVALENTS</b>		
Balances with banks	316,088	174,483
	<u>316,088</u>	<u>174,483</u>
<b>4 OTHER FINANCIAL ASSETS</b>		
Advances to employees	3,000	10,077
Unbilled revenue	47,900	53,390
	<u>50,900</u>	<u>63,467</u>
<b>5 OTHER CURRENT ASSETS</b>		
Prepaid expenses	16,542	16,542
	<u>16,542</u>	<u>16,542</u>
<b>6 EQUITY SHARE CAPITAL</b>		
<b>6.1 Issued, subscribed and fully paid up</b>		
Issued, subscribed and fully paid up equity shares outstanding at the end of the period		
60501 equity shares of SGD 1 each	60,501	60,501
<b>Total issued, subscribed and paid up capital</b>	<u>60,501</u>	<u>60,501</u>
<b>7 OTHER EQUITY</b>		
Retained earnings	57,331	121,968
Foreign currency translation reserve	-	-
	<u>57,331</u>	<u>121,968</u>

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

	<b>As at 31-03-2021</b>	<i>As at 31-03-2020 "</i>
	<b>SGD</b>	<i>SGD</i>
<b>8 TRADE PAYABLE</b>		
Due to others	<b>35,554</b>	49,594
	<b>35,554</b>	49,594
<b>9 OTHER FINANCIAL LIABILITIES</b>		
Other payables	<b>220,507</b>	–
	<b>220,507</b>	–
<b>10 OTHER CURRENT LIABILITIES</b>		
Statutory tax payable	<b>9,520</b>	11,810
	<b>9,520</b>	11,810
<b>11 CURRENT TAX LIABILITIES (NET)</b>		
Provision for current tax	<b>1,797</b>	12,299
	<b>1,797</b>	12,299
	<b>Period ended</b>	<i>Period ended</i>
	<b>31-03-2021</b>	<i>31-03-2020</i>
	<b>SGD</b>	<i>SGD</i>
<b>INCOME</b>		
<b>12 REVENUE FROM OPERATIONS</b>		
Engineering and technology services	<b>612,693</b>	753,629
	<b>612,693</b>	753,629
<b>13 OTHER INCOME</b>		
Miscellaneous income	–	865
	–	865
<b>EXPENSES</b>		
<b>14 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries including overseas staff expenses	<b>655,765</b>	809,994
	<b>655,765</b>	809,994

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

	<b>Period ended 31-03-2021</b>	<i>Period ended 31-03-2020</i>
	<b>SGD</b>	<i>SGD</i>
	<hr/>	<hr/>
<b>15 OTHER EXPENSES</b>		
Cost of computer software	–	250
Travelling and conveyance	<b>(6,378)</b>	–
Rent and establishment expenses	<b>6,750</b>	6,750
Telephone, postage and other communication charges	<b>22</b>	–
Legal and professional charges	<b>19,639</b>	27,912
Recruitment expenses	<b>107</b>	19,067
Insurance charges	–	18,503
Rates and taxes	<b>330</b>	116
Allowances for doubtful debts on trade receivable	–	(18,349)
Miscellaneous expenses	<b>1,095</b>	989
	<hr/>	<hr/>
	<b>21,565</b>	55,238
	<hr/> <hr/>	<hr/> <hr/>

## BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their Board report and Management Certified Accounts for the year ended March 31, 2021.

### 1. FINANCIAL RESULTS:

Particulars	2020-21	2019-20
	MYR	MYR
Total Income	-	-
Total Expenditure	9,537	11,992
Operating Profit / (Loss)	(9,537)	(11,992)
Add: Interest Income	-	-
Less: Finance Costs	-	-
Profit / (Loss) before Tax	(9,537)	(11,992)
Less : Tax	-	-
Net Profit / (Loss) after Tax	(9,537)	(11,992)
Add: Balance b/f from previous year	(10,627)	1,365
Balance available for disposal which directors appropriate as follows:	(20,164)	(10,627)
Dividend	-	-
Transfer to Reserves	-	-
Balance to be carried forward	(20,164)	(10,627)

### 2. CAPITAL & FINANCE:

During the year under review, the Company has not issued any shares. There is no loan outstanding as on March 31, 2021.

### 3. CAPITAL EXPENDITURE:

As at March 31, 2021, the gross fixed and intangible assets including leased assets, stood at Nil and the net fixed and intangible assets, including leased assets, at Nil. Capital Expenditure during the year amounted to Nil.

### 4. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

The Company has not given loan/made investment/provided guarantee or security during the year under review.

### 5. STATE OF COMPANY AFFAIRS:

The gross sales and other income for the financial year under review were Nil as against Nil for the previous financial year registering an increase of Nil. The (loss) before tax from continuing operations including extraordinary and exceptional items was MYR (9,537) and the (loss) after tax from continuing operations including extraordinary and exceptional items was MYR (9,537) for the financial year under review as against MYR (11,992) and MYR (11,992) respectively for the previous financial year, registering a decrease of 20.5% and 20.5% respectively.

### 6. AMOUNT TO BE CARRIED TO RESERVE:

As at March 31, 2021, the Company has not transferred any amount to reserves.

### 7. DIVIDEND:

The Directors have not declared any dividend during the year.

### 8. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There are no material changes affecting the financial position of the Company between the end of the financial year and the date of the Report.

### 9. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

During the year under review, there were no material and significant orders passed by the regulators or courts impacting the going concern status and the Company's operations in future.

### 10. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:

During the year under review, Mr. Vilas Bhade and Mr. P. Ramakrishnan ceased to act as Directors of the Company w.e.f. November 20, 2020, and Mr. Vinay Heballi ceased to act as Director of the Company w.e.f. December 3, 2020.

The Board places on record its appreciation for the services rendered by Mr. Vilas Bhade, Mr. P. Ramakrishnan and Mr. Vinay Heballi during their tenure as Directors of the Company.

Mr. Rajeev Gupta and Mr. Abhishek were appointed as the Directors of the Company w.e.f. November 20, 2020 and December 3, 2020 respectively.

The current Directors of the Company are Mr. Rajeev Gupta, Mr. Abhishek and Mr. Mohd Zuhaili Bin Zainal Abidin.

**11. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:**

During the year under review 1 meeting was held on February 22, 2021.

**12. DIRECTORS' RESPONSIBILITY STATEMENT:**

The Board of Directors of the Company confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

**13. ACKNOWLEDGEMENT:**

Your Members acknowledge the invaluable support extended by the Government authorities in Malaysia and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

**MR. RAJEEV GUPTA**  
*Director*

*Date: April 29, 2021*  
*Place: Mumbai*

**MR. ABHISHEK**  
*Director*

*Date: April 29, 2021*  
*Place: Bangalore*

**BALANCE SHEET AS AT MARCH 31, 2021**

Particulars	Note No.	As at March 31, 2021 MYR	As at March 31, 2020 MYR
<b>ASSETS:</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment		-	-
(b) Capital work-in-progress		-	-
(c) Goodwill		-	-
(d) Other intangible assets		-	-
(e) Financial assets		-	-
(i) Investments		-	-
() Non current trade receivables		-	-
(ii) Other financial assets		-	-
(iii) Trade receivables		-	-
(f) Deferred tax assets (net)		-	-
(g) Other non current assets		-	-
<b>Total non-current assets</b>		<b>-</b>	<b>-</b>
<b>II. Current assets</b>			
(a) Financial assets		-	-
(i) Investments		-	-
(ii) Trade receivables		-	-
(iii) Cash and cash equivalents	1	<b>94,295</b>	101,289
(iv) Other bank balances		-	-
(v) Loans		-	-
(vi) Other financial assets		-	-
(b) Current tax assets (net)		-	-
(c) Other current assets		-	2,076
<b>Total current assets</b>		<b>94,295</b>	<b>103,365</b>
<b>TOTAL ASSETS</b>		<b>94,295</b>	<b>103,365</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>I. Equity</b>			
(a) Equity share capital	2	<b>100,000</b>	100,000
(b) Other equity	3	<b>(20,164)</b>	(10,627)
<b>Total equity</b>		<b>79,836</b>	<b>89,373</b>
<b>II. Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities		-	-
(i) Other financial liabilities		-	-
(b) Provisions		-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Current liabilities</b>			
(a) Financial liabilities		-	-
(i) Short-term borrowings		-	-
(ii) Trade payables	4	<b>14,459</b>	4,000
(iii) Other financial liabilities		-	9,992
(b) Other current liabilities		-	-
(c) Provisions		-	-
(d) Current tax liabilities (net)		-	-
<b>Total current liabilities</b>		<b>14,459</b>	<b>13,992</b>
<b>Total liabilities</b>		<b>14,459</b>	<b>13,992</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>94,295</b>	<b>103,365</b>

For and on behalf of the Board of Directors of Graphene Solution Sdn. Bhd.

**MR. RAJEEV GUPTA**  
DirectorDate: April 29, 2021  
Place: Mumbai, India

**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2021**

Particulars	Note No.	Year ended	Year ended
		March 31, 2021	March 31, 2020
		MYR	MYR
I. Revenue from operations		-	-
II. Other income (net)		-	-
III. <b>Total income</b>		-	-
IV. <b>Expenses:</b>			
(a) Employee benefit expenses		-	-
(b) Depreciation and amortisation expenses		-	-
(c) Other expenses	5	9,537	11,992
(d) Finance costs		-	-
<b>Total expenses</b>		<b>9,537</b>	<b>11,992</b>
V. <b>Profit before tax (III - IV)</b>		<b>(9,537)</b>	<b>(11,992)</b>
VI. <b>Tax expense:</b>			
(a) Current tax		-	-
(b) Tax Adjustments of prior periods		-	-
(c) Deferred tax		-	-
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
VII. <b>Profit for the period (V - VI)</b>		<b>(9,537)</b>	<b>(11,992)</b>
VIII. <b>Other comprehensive income</b>			
(A) (i) Items that will not be reclassified to the statement of profit and loss			
(a) Remeasurement of the defined benefit plans		-	-
(ii) Income tax on items that will not be reclassified to the statement of profit and loss		-	-
(B) (i) Items that will be reclassified subsequently to the statement of profit or loss			
(a) Effective portion of gains and losses on hedging instruments in a cash flow hedge		-	-
(b) Exchange differences on the translation of foreign operation		-	-
(ii) Income tax relating to items that will be reclassified subsequently to the statement of profit or loss		-	-
<b>Total other comprehensive income (net of tax)</b>		<b>-</b>	<b>-</b>
IX. <b>Total comprehensive income for the period</b>		<b>(9,537)</b>	<b>(11,992)</b>
<b>Profit for the period attributable to:</b>			
- Owners of the Company		(9,537)	(11,992)
- Non-controlling interest		-	-
<b>Other comprehensive income for the period attributable to :</b>			
- Owners of the Company		-	-
- Non-controlling interest		-	-
<b>Total comprehensive income for the period attributable to :</b>			
- Owners of the Company		(9,537)	(11,992)
- Non-controlling interest		-	-

For and on behalf of the Board of Directors of Graphene Solution Sdn. Bhd.

**MR. RAJEEV GUPTA**  
Director

Date: April 29, 2021  
Place: Mumbai, India

**STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED MARCH 31, 2021**

Particulars	Period ended March 31, 2021 MYR	Period ended March 31, 2020 MYR
<b>A. Cash flow from operating activities</b>	<b>(11,992)</b>	<b>(9,558)</b>
Profit before tax	(9,537)	(11,992)
<b>Adjustments for:</b>		
Depreciation and amortisation	-	-
Interest received	-	-
Interest paid	-	-
<b>Operating profit before working capital changes</b>	<b>(9,537)</b>	<b>(11,992)</b>
<b>Changes in working capital</b>		
(Increase)/decrease in trade and other receivables	2,076	-
(Increase)/decrease in other receivables	-	-
Increase/(decrease) in trade and other payables	467	750
<b>(Increase)/decrease in working capital</b>	<b>2,543</b>	<b>750</b>
<b>Cash generated from operations</b>	<b>(6,994)</b>	<b>(11,242)</b>
Direct taxes paid		
<b>Net cash (used in)/from operating activities</b>	<b>(6,994)</b>	<b>(11,242)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangibles		
Interest received		
<b>Net cash (used in)/from investing activities</b>	<b>-</b>	<b>-</b>
<b>C. Cash flow from financing activities</b>		
Equity share capital issued including share premium		
Interest paid		
<b>Net cash (used in) / from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(6,994)</b>	<b>(11,242)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>101,289</b>	<b>112,531</b>
<b>Cash and cash equivalents at end of period</b>	<b>94,295</b>	<b>101,289</b>

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For and on behalf of the Board of Directors of Graphene Solution Sdn. Bhd.

**MR. RAJEEV GUPTA**  
Director

Date: April 29, 2021  
Place: Mumbai, India

**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED  
MARCH 31, 2021**

OTHER EQUITY

Particulars	Reserves & Surplus	Foreign currency translation reserve	MYR Total
Opening Balance	(10,627)	-	(10,627)
Profit for the period (a)	(9,537)	-	(9,537)
Other comprehensive income (net of taxes) (b)	-	-	-
<b>Closing Balance</b>	<b>(20,164)</b>	<b>-</b>	<b>(20,164)</b>

For and on behalf of the Board of Directors of **Graphene Solution Sdn. Bhd.**

**MR. RAJEEV GUPTA**  
Director

Date: April 29, 2021  
Place: Mumbai, India

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### A. CORPORATE INFORMATION

Graphene Solution SDN. BHD. was incorporated and domiciled in Malaysia and has its registered office at 2270, Jalan Usahawan, 2-C-2-20, SME 1, SME Technopreneur Centre, Cyberjaya, Kuala Lumpur, Malaysia 63000.

As at March 31, 2021, L&T Technology Services Limited, the holding company, owns 100% of the Company's equity share capital.

### B. SIGNIFICANT ACCOUNTING POLICIES

#### a) Statement of compliance

These financial statements have been prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in Malaysia to reflect the financial position, results of operations and cash flows of the Company.

All amounts are stated in MYR, except as otherwise specified.

#### b) Basis of accounting

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### c) Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the project/contract/service and extends up to the realization of receivables within the credit period normally applicable to the respective lines of business.

#### d) Other income

- a. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.
- b. Dividend income is accounted in the period in which the right to receive the same is established.
- c. Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

#### e) Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and the same is disclosed in the notes to accounts.

#### f) Leases

##### a. Operating leases

Assets acquired on leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on accrual basis.

#### g) Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

#### (i) Non-derivative financial assets

##### a. Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are represented by trade receivables, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

#### h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other deposits with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### i) Current income taxes

The current income tax expense includes income taxes payable by the Company.

Provision for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intend to settle the asset and liability on a net basis.

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

### **j) Provisions, contingent liabilities and contingent assets**

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- i) The Company has a present obligation as a result of a past event;
- ii) A probable outflow of resources is expected to settle the obligation; and
- iii) The amount of the obligation can be reliably estimated

Contingent liability is disclosed in the case of

- i) A present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or
- ii) A possible obligation unless the probability of outflow of resources is remote

Contingent Liabilities as at March 31, 2021 is MYR Nil.

Contingent assets are neither recognized nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

### **k) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**NOTES FORMING PART OF ACCOUNTS**

Particulars	As at March 31, 2021	As at March 31, 2020
	MYR	MYR
<b>1 CASH AND CASH EQUIVALENTS</b>		
Balances with banks	94,295	1,774,081
	<u>94,295</u>	<u>1,774,081</u>
<b>2 EQUITY SHARE CAPITAL</b>		
<b>2.1 Issued, subscribed and fully paid up</b>		
Issued, subscribed and fully paid up equity shares outstanding at the end of the period [100000 equity shares of MYR 1 each]	100,000	100,000
<b>Total issued, subscribed and paid up capital</b>	<u>100,000</u>	<u>100,000</u>
<b>3 Other equity</b>		
Retained earnings	(20,164)	(11,992)
Foreign currency translation reserve	–	–
	<u>(20,164)</u>	<u>(11,992)</u>
<b>4 TRADE PAYABLE</b>		
Due to others	14,459	–
	<u>14,459</u>	<u>–</u>
<b>INCOME</b>		
	MYR	MYR
	Period ended	Period ended
	31-03-2021	31-03-2020
<b>5 OTHER EXPENSES</b>		
Legal and professional charges	9,485	11,992
Miscellaneous expenses	52	–
	<u>9,537</u>	<u>11,992</u>

**BOARD REPORT**

Dear Members,

The Directors have pleasure in presenting their Third Board Report and Management Certified Accounts for the year ended December 31, 2020.

**1. FINANCIAL RESULTS:**

Particulars	2020	2019
	NTD	NTD
Total Income	(604,263)	5,745,057
Total Expenditure	3,148,224	4,726,747
Operating Profit / (Loss)	(3,752,487)	1,018,310
Add: Interest & Other Income	4,309	45,906
Less: Finance Costs	-	-
Profit / (Loss) before Tax	(3,748,178)	1,064,216
Less : Tax	-	658,603
Net Profit / (Loss) after Tax	(3,748,178)	405,613
Add: Balance b/f from previous year	(66,878)	(472,491)
Balance available for disposal which directors appropriate as follows:	(3,815,056)	(66,878)
Dividend	-	-
Transfer to Reserves	-	-
Balance to be carried forward	(3,815,056)	(66,878)

**2. CAPITAL & FINANCE:**

During the year under review, the Company has not issued any shares. There is no Loan outstanding as on December 31, 2020.

**3. CAPITAL EXPENDITURE:**

As at December 31, 2020, the gross fixed and intangible assets including leased assets, stood at Nil and the net fixed and intangible assets, including leased assets, at Nil. Capital Expenditure during the year amounted to Nil.

**4. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

The Company has not given loan/ made investment/ provided guarantee or security during the year under review.

**5. STATE OF COMPANY AFFAIRS:**

The gross sales and other income for the financial year under review were NTD (599,954) as against NTD 5,790,963 for the previous financial year registering a decrease of 110.4%. The (loss) before tax from continuing operations including extraordinary and exceptional items was NTD (3,748,178) and the (loss) after tax from continuing operations including extraordinary and exceptional items was NTD (3,748,178) for the financial year under review as against NTD 1,064,216 and NTD 405,613 respectively for the previous financial year, registering a decrease of 452.2% and 1024.1% respectively.

**6. AMOUNT TO BE CARRIED TO RESERVE:**

As at December 31, 2020, the Company has not transferred any amount to reserves.

**7. DIVIDEND:**

The Directors have not declared any dividend during the year.

**8. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:**

There are no material changes affecting the financial position of the Company between the end of the Financial Year and the date of the Report.

**9. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

During the year under review, there were no material and significant orders passed by the regulators or courts impacting the going concern status and the Company's operations in future.

**10. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:**

During the year under review Mr. P. Ramakrishnan and Mr. Vinay Heballi ceased to act as Directors of the Company w.e.f. November 20, 2020 and December 3, 2020 respectively.

The Board places on record its appreciation for the services rendered by Mr. P. Ramakrishnan and Mr. Vinay Heballi during their tenure as Director of the Company.

Mr. Rajeev Gupta and Mr. Abhishek were appointed as the Directors of the Company w.e.f. November 11, 2020 and December 3, 2020 respectively.

The current Directors of the Company are Mr. Rajeev Gupta and Mr. Abhishek.

**11. DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors of the Company confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

**12. ACKNOWLEDGEMENT:**

Your Directors acknowledge the invaluable support extended by the Government authorities in Taiwan and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

**MR. ABHISHEK**  
*Director*

**MR. RAJEEV GUPTA**  
*Director*

*Date: April 29, 2021*  
*Place: Bangalore*

*Date: April 29, 2021*  
*Place: Mumbai*

**BALANCE SHEET AS AT DECEMBER 31, 2020**

Particulars	Note No.	NTD	
		As at 31-12-2020	As at 31-12-2019
<b>ASSETS:</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment		-	-
(b) Capital work-in-progress		-	-
(c) Goodwill		-	-
(d) Other intangible assets		-	-
(e) Financial assets			
(i) Investments		-	-
(ii) Other financial assets		-	-
(f) Deferred tax assets (net)		-	-
(g) Other non current assets		-	-
<b>Total non-current assets</b>		-	-
<b>II. Current assets</b>			
(a) Financial assets			
(i) Investments		-	-
(ii) Trade receivables	1	1,059,065	5,398
(iii) Cash and cash equivalents	2	1,924,804	4,916,828
(iv) Other bank balances		-	-
(v) Loans		-	-
(vi) Other financial assets	3	9,620	8,745
(b) Other current assets	4	56,446	1,834,617
<b>Total current assets</b>		3,049,935	6,765,588
<b>TOTAL ASSETS</b>		3,049,935	6,765,588
<b>EQUITY AND LIABILITIES:</b>			
<b>I. Equity</b>			
(a) Capital	5	5,000,000	5,000,000
(b) Other equity	6	(3,815,056)	(66,878)
<b>Total equity</b>		1,184,944	4,933,122
<b>II. Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Other financial liabilities		-	-
(b) Provisions		-	-
<b>Total non-current liabilities</b>		-	-
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Short-term borrowings		-	-
(ii) Trade payables	7	1,315,301	1,154,802
(iii) Other financial liabilities		-	-
(b) Other current liabilities	8	15,788	19,061
(c) Provisions		-	-
(d) Current tax liabilities (net)		533,902	658,603
<b>Total current liabilities</b>		1,864,991	1,832,466
<b>Total liabilities</b>		1,864,991	1,832,466
<b>TOTAL EQUITY AND LIABILITIES</b>		3,049,935	6,765,588

For and on behalf of the Board of Directors of  
Graphene Solutions Taiwan Limited

**Rajeev Gupta**  
Director

Date: April 29, 2021  
Place: Mumbai, India

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2020**

Particulars	Note No.	(NTD)	(NTD)
		Year ended 31-12-2020	Year ended 31-12-2019
I. Revenue from operations	9	(604,263)	5,745,057
II. Other income (net)	10	4,309	45,906
III. Total income		(599,954)	5,790,963
IV. Expenses:			
(a) Employee benefit expenses	11	2,531,451	1,430,744
(b) Depreciation and amortisation expenses		-	-
(c) Other expenses	12	616,773	3,296,003
(d) Finance costs		-	-
Total expenses		3,148,224	4,726,747
V. Profit before tax (III - IV)		(3,748,178)	1,064,216
VI. Tax expense:			
(a) Current tax		-	658,603
(b) Tax Adjustments of prior years		-	-
(c) Deferred tax		-	-
Total tax expense		-	658,603
VII. Profit for the period (V - VI)		(3,748,178)	405,613
VIII. Other comprehensive income			
(A) (i) Items that will not be reclassified to the statement of profit and loss			
(a) Remeasurement of the defined benefit plans		-	-
(ii) Income tax on items that will not be reclassified to the statement of profit and loss		-	-
(B) (i) Items that will be reclassified subsequently to the statement of profit or loss			
(a) Effective portion of gains and losses on hedging instruments in a cash flow hedge		-	-
(b) Exchange differences on the translation of foreign operation		-	-
(ii) Income tax relating to items that will be reclassified subsequently to the statement of profit or loss		-	-
(C) (i) Items may be reclassified to the statement of profit or loss			
(a) Exchange differences on translation of foreign subsidiaries		-	-
Total other comprehensive income (net of tax)		-	-
IX. Total comprehensive income for the year		(3,748,178)	405,613

For and on behalf of the Board of Directors of  
Graphene Solutions Taiwan Limited

Rajeev Gupta  
Director

Date: April 29, 2021  
Place: Mumbai, India

**STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED DECEMBER 31, 2020**

Particulars	(NTD) Period ended 31-12-2020	(NTD) Period ended 31-12-2019
<b>A. Cash flow from operating activities</b>		
Profit before tax	(3,748,178)	1,064,216
<b>Adjustments for:</b>		
Depreciation and amortisation	-	-
Interest received	(4,164)	(4,177)
Interest paid	-	-
<b>Operating profit before working capital changes</b>	<b>(3,752,342)</b>	<b>1,060,039</b>
<b>Changes in working capital</b>		
(Increase)/decrease in trade and other receivables	(1,053,667)	(5,398)
(Increase)/decrease in other receivables	1,777,295	(1,473,163)
Increase/(decrease) in trade and other payables	157,226	1,015,325
(Increase)/decrease in working capital	880,855	(463,236)
<b>Cash generated from operations</b>	<b>(2,871,488)</b>	<b>596,804</b>
Direct taxes paid	(124,701)	-
<b>Net cash (used in)/from operating activities</b>	<b>(2,996,189)</b>	<b>596,804</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangibles	-	-
Interest received	4,164	4,177
<b>Net cash (used in)/from investing activities</b>	<b>4,164</b>	<b>4,177</b>
<b>C. Cash flow from financing activities</b>		
Equity share capital issued including share premium	-	-
Interest paid	-	-
<b>Net cash (used in) / from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(2,992,025)</b>	<b>600,981</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>4,916,828</b>	<b>4,315,847</b>
<b>Cash and cash equivalents at end of year</b>	<b>1,924,804</b>	<b>4,916,828</b>

For and on behalf of the Board of Directors of  
**Graphene Solutions Taiwan Limited**

**Rajeev Gupta**  
Director

Date: April 29, 2021  
Place: Mumbai, India

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2020

### A. CAPITAL

Particulars	(NTD)
Capital at the beginning of the period	5,000,000
Add/(Less): Addition during the year	–
<b>Capital at the end of the period</b>	<b>5,000,000</b>

### B. OTHER EQUITY

Particulars	(NTD)		Total
	Reserves & Surplus	Items of other comprehensive income	
	Retained earnings	FCTR	
Opening Balance	(66,878)	–	(66,878)
Profit for the period	(3,748,178)	–	(3,748,178)
Other comprehensive income (net of taxes)	–	–	–
<b>Closing Balance</b>	<b>(3,815,056)</b>	<b>–</b>	<b>(3,815,056)</b>

For and on behalf of the Board of Directors of  
**Graphene Solutions Taiwan Limited**

**Rajeev Gupta**  
Director

Date: April 29, 2021  
Place: Mumbai, India

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

### **A. CORPORATE INFORMATION**

Graphene Solutions Taiwan Limited was incorporated and domiciled in Taiwan and has its registered office at 6F, No. 378, Changchun Road, Taipei, Taiwan 10487.

As at December 31, 2020, L&T Technology Services Limited, the holding company, owns 100% of the Company's capital.

### **B. SIGNIFICANT ACCOUNTING POLICIES**

#### **a) Statement of compliance**

These financial statements have been prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in Taiwan to reflect the financial position, results of operations and cash flows of the Company.

All amounts are stated in NTD, except as otherwise specified.

#### **b) Basis of accounting**

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### **c) Operating cycle for current and non-current classification**

Operating cycle for the business activities of the Company covers the duration of the project/contract/service and extends up to the realization of receivables within the credit period normally applicable to the respective lines of business.

#### **d) Revenue Recognition**

The Company derives revenue from Engineering Research and Development (ER&D) services, which are a set of services provided to manufacturing, technology and process engineering companies, to help them develop and build products, processes and infrastructure required to deliver products and services to their end customers. Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Group/Company expects to receive in exchange for those services:

- a. Revenue from contracts which are on time and material basis are recognized when services are rendered, and related costs are incurred.
- b. Revenue from fixed-price contracts where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity.
- c. Revenues in excess of invoicing are classified as contract assets (unbilled revenue).
- d. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company presents revenue net of discounts, collection charges, indirect taxes and value-added taxes in its statement of profit and loss.
- e. 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 customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date as per contract.

#### **e) Other income**

- a. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.
- b. Dividend income is accounted in the period in which the right to receive the same is established.
- c. Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

#### **f) Exceptional items**

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and the same is disclosed in the notes to accounts.

#### **g) Leases**

##### **a. Operating leases**

Assets acquired on leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on accrual basis.

#### **h) Financial instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

### (i) Non-derivative financial assets

#### a. Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are represented by trade receivables, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

### i) **Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other deposits with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### j) **Current income taxes**

The current income tax expense includes income taxes payable by the Company.

Provision for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intend to settle the asset and liability on a net basis.

### k) **Provisions, contingent liabilities and contingent assets**

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- i) The Company has a present obligation as a result of a past event;
- ii) A probable outflow of resources is expected to settle the obligation; and
- iii) The amount of the obligation can be reliably estimated

Contingent liability is disclosed in the case of

- i) A present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or
- ii) A possible obligation unless the probability of outflow of resources is remote

Contingent Liabilities as at December 31, 2020 is NTD Nil.

Contingent assets are neither recognized nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

### l) **Cash flow statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**NOTES FORMING PART OF ACCOUNTS**

	NTD As at 31-12-2020	NTD As at 31-12-2019
<b>1 TRADE RECEIVABLES</b>		
Trade receivables	–	5,398
Receivables from related parties	1,059,065	–
Less: Allowances for doubtful debts	–	–
	<u>1,059,065</u>	<u>5,398</u>
<b>2 CASH AND CASH EQUIVALENTS</b>		
Balances with banks	1,924,804	4,916,828
	<u>1,924,804</u>	<u>4,916,828</u>
<b>3 OTHER FINANCIAL ASSETS</b>		
<b>Current</b>		
Advances to employees	9,620	8,745
	<u>9,620</u>	<u>8,745</u>
<b>4 OTHER CURRENT ASSETS</b>		
Unbilled revenue	–	1,692,652
Prepaid expenses	56,446	141,965
	<u>56,446</u>	<u>1,834,617</u>
<b>5 CAPITAL</b>		
Capital	5,000,000	5,000,000
Total Capital	<u>5,000,000</u>	<u>5,000,000</u>
<b>6 OTHER EQUITY</b>		
Retained earnings	(3,815,056)	(66,878)
	<u>(3,815,056)</u>	<u>(66,878)</u>
<b>7 TRADE PAYABLE</b>		
Due to related parties	989,623	–
Due to others	210,178	1,131,258
Liability for revenue goods	115,500	23,544
	<u>1,315,301</u>	<u>1,131,258</u>
<b>8 OTHER CURRENT LIABILITIES</b>		
Other payables	–	–
Statutory tax payable	15,788	19,061
	<u>15,788</u>	<u>19,061</u>

**NOTES FORMING PART OF ACCOUNTS (Contd.)**

	NTD Year ended 31-12-2020	NTD Year ended 31-12-2019
<b>INCOME</b>		
<b>9 REVENUE FROM OPERATIONS</b>		
Engineering and technology services	<b>(604,263)</b>	5,745,057
	<b>(604,263)</b>	5,745,057
<b>10 OTHER INCOME</b>		
Foreign exchange gain/ (loss)	<b>145</b>	41,729
Bank interest received	<b>4,164</b>	4,177
	<b>4,309</b>	45,906
<b>EXPENSES</b>		
<b>11 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries including overseas staff expenses	<b>2,531,451</b>	1,430,744
	<b>2,531,451</b>	1,430,744
<b>12 OTHER EXPENSES</b>		
Travelling and conveyance	-	19,016
Legal and professional charges	<b>301,423</b>	438,581
Advertisement and sales promotion expenses	<b>300</b>	39,073
Recruitment expenses	<b>83,402</b>	2,112,866
Repairs to buildings & machineries	-	5,000
Insurance charges	<b>139,084</b>	5,562
Rates and taxes	-	8,122
Miscellaneous expenses	<b>(6,214)</b>	667,783
	<b>616,773</b>	3,296,003

**BOARD REPORT (SECTION 134)**

Dear Members,

The Directors have pleasure in presenting their Sixth report and Audited Accounts for the year ended March 31, 2021.

**1. FINANCIAL RESULTS:**

Particulars	2020-21	2019-20
	₹	₹
Profit Before Depreciation, exceptional and extra ordinary items & Tax	44,68,165	29,19,349
Less: Depreciation, amortization, impairment and obsolescence	4,65,464	29,54,661
Profit before exceptional and extraordinary items and tax	40,02,701	(35,312)
Add: Exceptional Items	-	-
Profit / (Loss) before tax	40,02,701	(35,312)
Less: Provision for tax	-	-
Profit for the period carried to the Balance Sheet	40,02,701	(35,312)
Add: Balance brought forward from previous year	(34,10,780)	16,39,483
Less: Impact of Ind AS 116	-	(50,14,951)
Less: Dividend paid for the previous year (Including dividend distribution tax)	-	-
Add: Gain / (Loss) on re-measurement of the net defined benefit plans	-	-
Balance available for disposal (which the Directors appropriate as follows)	5,91,921	(34,10,780)
Debenture Redemption Reserve	-	-
Balance carried to Balance Sheet	-	-

**2. STATE OF COMPANY AFFAIRS:**

The gross sales and other income for the financial year under review were ₹ 52,79,775 as against ₹ 59,83,736 for the previous financial year. The profit/(loss) before tax from continuing operations including extraordinary and exceptional items was ₹ 40,02,701 and the profit/(loss) after tax from continuing operations including extraordinary and exceptional items was ₹ 40,02,701 for the financial year under review as against ₹ (35,312) and ₹ (35,312) respectively for the previous financial year.

**COVID-19 UPDATES**

The Company implemented safety and hygiene protocols like wearing of face masks, social distancing norms, workplace sanitation and employee awareness programs at all its plants and establishments. The protocols are regularly reviewed and updated based on revisions in guidelines received from authorities concerned from time to time.

Post business transfer which was carried in FY 2019-20 by the Company, there is no ongoing business operations. Hence the Company does not foresee any impact of Covid-19 during the year under review.

**3. CAPITAL & FINANCE:**

There has been no change in the share capital of the Company during the said financial year. As on March 31, 2021, the total paid up equity share capital of the Company was ₹ 5,00,000/- consisting of 50000 equity shares of ₹ 10/- each, fully paid up.

**4. CAPITAL EXPENDITURE:**

As at March 31, 2021 the gross fixed and intangible assets including leased assets, stood at ₹ Nil and the net fixed and intangible assets, including leased assets, at ₹ Nil. Capital Expenditure during the year amounted to ₹ Nil.

**5. DEPOSITS:**

The Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

**6. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

The Company has not given loan/made investment/provided guarantee or security during the year under review.

**7. PARTICULARS OF CONTRACT OR ARRANGEMENT WITH RELATED PARTIES:**

All the related party transactions were in the ordinary course of business and at arm's length. The Board has approved all the related party transactions for the FY 2020-21 as required under the provisions of Section 177 of the Companies Act, 2013.

There are no materially significant related party transactions that may have conflict with the interest of the Company.

**8. AMOUNT TO BE CARRIED TO RESERVES:**

The Company has not transferred any amount to reserves.

**9. DIVIDEND:**

The Board of Directors has not declared any dividend for the financial year under review.

**10. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:**

There are no material changes that have taken place in the Company between the date of Balance Sheet and the date of Director's Report.

**11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:****(A) Conservation of energy**

The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity and is not included under the list of industries which should furnish information as per Rule 8 Companies (Accounts) Rules, 2014.

**(B) Technology absorption**

The Company being Technology driven, and has always adopted the latest technology trends and best practice.

**(C) Foreign exchange earnings and outgo: Nil**

The total foreign exchange earned and used for the period under review is as under:

Particulars	In ₹
Foreign exchange earned	0
Foreign exchange used	0

**12. RISK MANAGEMENT POLICY:**

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization initiatives undertaken. It also periodically reviews the risk to ensure that executive management controls risk by means of a properly designed framework.

**13. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:****A. Appointment/Re-appointment of Directors:**

Mr. Rajeev Gupta and Mr. Abhishek were appointed as the Directors of the Company on July 20, 2020 and December 3, 2020 respectively. As on date Mr. Rajeev Gupta and Mr. Abhishek are the current Directors of the Company.

**B. Resignation of Directors:**

During the year under review, Mr. P Ramakrishnan and Mr. Vilas Bhade ceased to act as Directors of the Company with effect from July 20, 2020 and December 3, 2020 respectively. The Board places on record its appreciation for the services rendered by Mr. P Ramakrishnan and Mr. Vilas Bhade during their tenure as Director of the Company.

The notice convening the Annual General Meeting includes the proposal for re-appointment of Director who is liable to retire by rotation.

**14. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:**

The Meetings of the Board are held at regular intervals.

During the year under review 4 meetings were held on May 13, 2020, July 10, 2020, October 15, 2020, and January 19, 2021.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

**15. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:**

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2021, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

**16. DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors of the Company confirms:

- In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the Annual Accounts on a going concern basis;
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

**17. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS:**

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

**18. PROTECTION OF WOMEN AT WORKPLACE:**

The holding company L&T Technology Services Limited has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. There were no cases of sexual harassment received in the Company during 2020-21.

**19. AUDITORS REPORT:**

The Auditors report to the shareholders does not contain any qualification, observation or comment or remark(s) which has/have an adverse effect on the functioning of the Company.

The Auditors of the Company have not reported any fraud committed against the Company by its officers or employees as specified under Section 143(12) of the Companies Act, 2013.

**20. AUDITORS:**

The Auditors, M/s. S. K. JHA, Chartered Accountants, were appointed as Statutory Auditors from the conclusion of 1<sup>st</sup> Annual General Meeting (AGM) till the conclusion of 6<sup>th</sup> AGM of the Company.

The notice convening the 6<sup>th</sup> AGM includes the proposal for re-appointment of Auditors for a further term of five years. The Auditors have confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India (ICAI) and hold valid certificate issued by the Peer Review Board of the ICAI.

The Auditors have also furnished a declaration confirming their independence as well as their arm's length relationship with the Company as well as declared that they have not taken up any prohibited non-audit assignments for the Company.

Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company and their re-appointment would be within the limits as prescribed under section 141 of the Companies Act, 2013.

**21. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:**

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

**22. ACKNOWLEDGEMENT:**

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, and all the various stakeholders for their continued co-operation and support to the Company.

For and on the behalf of the Board

**RAJEEV GUPTA**

*Director*

*(DIN: 06782710)*

*Place: Mumbai*

*Date: April 30, 2021*

**ABHISHEK**

*Director*

*(DIN: 07596644)*

*Place: Bangalore*

*Date: April 30, 2021*

# INDEPENDENT AUDITOR'S REPORT

To the Members of Seastar Labs Private Limited

## Report on the Ind AS Financial Statements

### Opinion

We have audited the accompanying Ind AS financial statements of **Seastar Labs Private Limited** ("the Company") which comprises the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and profit/loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and those charged with governance for the Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, change in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) and accounting principles generally accepted in India, specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

### Auditor's Responsibilities for the Audit of Ind AS Financial Statement

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative

factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31st March, 2021 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 Control with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 2
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigation which would impact its financial position.
    - ii. The Company does not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S K JHA & CO.**  
Chartered Accountants  
FRN. 126173W

**NIKHIL MAKHIJA**  
Partner  
M.No. 176178  
UDIN: 21176178AAAACM1761

Date: 30th April, 2021

Place: Ahmedabad

**ANNEXURE 1**

Annexure 1 referred to in paragraph 1 of the section on "Report on other legal and regulatory requirements" of our report of even date

- i. The company does not carry any fixed asset during the financial year, thus the provisions of clause 3 (i) (a) to (c) are not applicable to the company.
- ii. As the company is engaged in service industry, there are no inventories. Accordingly the provisions of clause 3 (ii) (a) & (b) are not applicable to the company.
- iii. In our Opinion and According to information and explanation given to us by the management, The Company has not granted loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 or section 186 of the Companies Act, 2013 in respect of Grant of Loans, Making of Investments and providing Guarantees or providing securities, as applicable.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- vi. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- vii. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2021 for a period of more than six months from the date on when they become payable.  
 b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- ix. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans during the current year.
- x. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- xi. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has not been paid or provided. Accordingly, the provisions of clause 3 (xi) of the Order are not applicable to the Company.
- xii. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- xiii. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- xv. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For **S K JHA & CO.**  
 Chartered Accountants  
 FRN: 126173W

**NIKHIL MAKHIJA**  
 Partner  
 M.No. 176178  
 UDIN: 21176178AAAACM1761

Date: 30th April, 2021  
 Place: Ahmedabad

## **ANNEXURE 2 REFERRED TO IN PARAGRAPH 2 (F) OF THE SECTION ON “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

To the Members of **Seastar Labs Private Limited**

We have audited the internal financial controls over financial reporting of **Seastar Labs Private Limited** (“the Company”) as of March 31, 2021 which is based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO 2013 criteria) in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established under the COSO 2013 criteria, which considers the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s 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 internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting in COSO 2013 criteria, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S K JHA & CO.**  
Chartered Accountants  
FRN. 126173W

**NIKHIL MAKHIJA**  
Partner  
M.No. 176178  
UDIN: 21176178AAAACM1761

Date: 30th April, 2021  
Place: Ahmedabad

**BALANCE SHEET AS AT MARCH 31, 2021**

Particulars	Note No.	As at 31-03-2021	As at 31-03-2020
₹			
<b>ASSETS:</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment		-	-
(b) Right-of-Use Assets	1	-	12,635,034
(c) Capital work-in-progress		-	-
(d) Goodwill		-	-
(e) Other intangible assets		-	-
(f) Financial assets			
(i) Investments		-	-
(ii) Other financial assets	2	14,729	2,937,146
(g) Deferred tax assets (net)		-	-
(h) Other non current assets	3	307,211	837,231
<b>Total non-current assets</b>		<b>321,940</b>	<b>16,409,411</b>
<b>II. Current assets</b>			
(a) Financial assets			
(i) Investments		-	-
(ii) Trade receivables		-	-
(iii) Cash and cash equivalents	4	905,494	1,494,729
(iv) Other bank balances		-	-
(v) Loans		-	-
(vi) Other financial assets	5	521,963	984,979
(b) Other current assets	6	242,820	48,948
<b>Total current assets</b>		<b>1,670,277</b>	<b>2,528,656</b>
<b>TOTAL ASSETS</b>		<b>1,992,217</b>	<b>18,938,067</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>I. Equity</b>			
(a) Equity share capital	7	500,000	500,000
(b) Other equity	8	591,921	(3,410,780)
<b>Total equity</b>		<b>1,091,921</b>	<b>(2,910,780)</b>
<b>II. Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Lease liability - non-current	9	-	14,813,123
(ii) Other financial liabilities		-	-
(b) Provisions		-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>14,813,123</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Short-term borrowings	10	-	1,846,126
(ii) Trade payables	11	-	-
Due to micro enterprises and small enterprises		-	-
Due to others		895,985	2,141,281
(iii) Lease liability - current	12	-	3,004,028
(iv) Other financial liabilities		-	-
(b) Other current liabilities	13	4,311	44,289
(c) Provisions		-	-
(d) Current tax liabilities (net)		-	-
<b>Total current liabilities</b>		<b>900,296</b>	<b>7,035,724</b>
<b>Total liabilities</b>		<b>900,296</b>	<b>21,848,847</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,992,217</b>	<b>18,938,067</b>
<b>Notes forming part of the financial statements</b>	1-28		

As per our report attached  
**S K JHA & CO.**  
Chartered Accountants  
Firm's registration No. 126173W  
by the hand of

**NIKHIL MAKHIJA**  
Partner  
Membership No. 176178

Place: Ahmedabad  
Date: 30th Apr 2021

For and on behalf of the Board of Directors of  
**Seastar Labs Private Limited**

**RAJEEV GUPTA**  
Director  
DIN No. 06782710

Place: Mumbai  
Date: 30th Apr 2021

**ABHISHEK**  
Director  
DIN No. 07596644

Place: Bengaluru  
Date: 30th Apr 2021

**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2021**

Particulars	Note No.	Period ended 31-03-2021	₹ Period ended 31-03-2020
I. <b>Revenue from operations</b>		-	-
II. Other income (net)	14	5,279,775	5,983,736
III. <b>Total income</b>		5,279,775	5,983,736
IV. <b>Expenses:</b>			
(a) Employee benefit expenses		-	-
(b) Depreciation and amortisation expenses		465,464	2,954,661
(c) Other expenses	15	478,698	1,257,979
(d) Finance costs	16	332,912	1,806,408
<b>Total expenses</b>		1,277,074	6,019,048
V. <b>Profit before tax (III - IV)</b>		4,002,701	(35,312)
VI. <b>Tax expense:</b>			
(a) Current tax		-	-
(b) Tax Adjustments of prior periods		-	-
(c) Deferred tax		-	-
<b>Total tax expense</b>		-	-
VII. <b>Profit for the period (V - VI)</b>		4,002,701	(35,312)
VIII. <b>Other comprehensive income</b>			
(A) (i) Items that will not be reclassified to the statement of profit and loss			
(a) Remeasurement of the defined benefit plans		-	-
(ii) Income tax on items that will not be reclassified to the statement of profit and loss		-	-
(B) (i) Items that will be reclassified subsequently to the statement of profit or loss			
(a) Effective portion of gains and losses on hedging instruments in a cash flow hedge		-	-
(b) Exchange differences on the translation of foreign operation		-	-
(ii) Income tax relating to items that will be reclassified subsequently to the statement of profit or loss		-	-
<b>Total other comprehensive income (net of tax)</b>		-	-
IX. <b>Total comprehensive income for the period</b>		4,002,701	(35,312)
X. <b>Earnings per equity share</b>	17		
Equity share of face value of ₹ 10 each			
- Basic (₹)		80.05	(0.71)
- Diluted (₹)		80.05	(0.71)
<b>Profit for the period attributable to:</b>			
- Owners of the Company		4,002,701	(35,312)
- Non-controlling interest		-	-
<b>Other comprehensive income for the period attributable to :</b>			
- Owners of the Company		-	-
- Non-controlling interest		-	-
<b>Total comprehensive income for the period attributable to :</b>			
- Owners of the Company		4,002,701	(35,312)
XI. - Non-controlling interest		-	-
<b>Notes forming part of the financial statements</b>	1-28		

As per our report attached

**S K JHA & CO.**

Chartered Accountants

Firm's registration No. 126173W

by the hand of

**NIKHIL MAKHIJA**

Partner

Membership No. 176178

Place: Ahmedabad

Date: 30th Apr 2021

For and on behalf of the Board of Directors of

**Seastar Labs Private Limited****RAJEEV GUPTA**

Director

DIN No. 06782710

Place: Mumbai

Date: 30th Apr 2021

**ABHISHEK**

Director

DIN No. 07596644

Place: Bengaluru

Date: 30th Apr 2021

**STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED MARCH 31, 2021**

Particulars	Period ended 31-03-2021	Period ended 31-03-2020
<b>A. Cash flow from operating activities</b>		
Profit before tax	4,002,701	(35,312)
Adjustments for:		
Depreciation and amortisation	465,464	2,954,661
Interest received	-	-
Interest paid	332,912	1,806,408
<b>Operating profit before working capital changes</b>	<b>4,801,077</b>	<b>4,725,757</b>
<b>Changes in working capital</b>		
(Increase)/decrease in trade and other receivables	-	-
(Increase)/decrease in other receivables	3,191,561	(753,667)
Increase/(decrease) in trade and other payables	(19,102,425)	(2,404,331)
(Increase)/decrease in working capital	(15,910,864)	(3,157,998)
<b>Cash generated from operations</b>	<b>(11,109,787)</b>	<b>1,567,760</b>
Direct taxes paid	530,020	(31,282)
<b>Net cash (used in)/from operating activities</b>	<b>(10,579,767)</b>	<b>1,536,478</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangibles - ROU Adj	12,169,570	-
Interest received	-	-
<b>Net cash (used in)/from investing activities</b>	<b>12,169,570</b>	<b>-</b>
<b>C. Cash flow from financing activities</b>		
Intercompany borrowings	(1,846,126)	146,126
Interest paid	(332,912)	(1,806,408)
<b>Net cash (used in) / from financing activities</b>	<b>(2,179,038)</b>	<b>(1,660,282)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(589,235)</b>	<b>(123,804)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>1,494,729</b>	<b>1,618,533</b>
<b>Cash and cash equivalents at end of the period</b>	<b>905,494</b>	<b>1,494,729</b>

**Notes:**

- Statement of cash flows has been prepared under the indirect method as set out in the IndAS 7 "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.
- Purchase of fixed assets represents additions to property, plant and equipment and other intangible assets adjusted for movement of capital work-in-progress of (a) capital work-in-progress for property, plant and equipment and (b) intangible assets under development during the period.

As per our report attached  
**S K JHA & CO.**  
Chartered Accountants  
Firm's registration No. 126173W  
by the hand of

**NIKHIL MAKHIJA**  
Partner  
Membership No. 176178

Place: Ahmedabad  
Date: 30th Apr 2021

For and on behalf of the Board of Directors of  
**Seastar Labs Private Limited**

**RAJEEV GUPTA**  
Director  
DIN No. 06782710

Place: Mumbai  
Date: 30th Apr 2021

**ABHISHEK**  
Director  
DIN No. 07596644

Place: Bengaluru  
Date: 30th Apr 2021

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2021

### A. EQUITY SHARE CAPITAL

Particulars	01-04-2020 to 31-03-2021		01-04-2019 to 31-03-2020	
	Number of shares	₹	Number of shares	₹
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the period	50,000	500,000	50,000	500,000
Add/(Less): Shares issued on exercise of employee stock options during the period	-	-	-	-
Add/(Less): Reorganization of share capital, reduction of face value	-	-	-	-
Add/(Less): Fresh issue of equity shares	-	-	-	-
Issued, subscribed and fully paid up equity shares outstanding at the end of the period	50,000	500,000	50,000	500,000

### B. OTHER EQUITY

Particulars	₹	
	Other Equity	Total
	<b>Retained earnings</b>	
Opening Balance	(3,410,780)	(3,410,780)
Profit for the period (a)	4,002,701	4,002,701
<b>Closing Balance</b>	<b>591,921</b>	<b>591,921</b>

As per our report attached

**S K JHA & CO.**  
Chartered Accountants  
Firm's registration No. 126173W  
by the hand of

**NIKHIL MAKHIJA**  
Partner  
Membership No. 176178

Place: Ahmedabad  
Date: 30th Apr 2021

For and on behalf of the Board of Directors of  
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**RAJEEV GUPTA**  
Director  
DIN No. 06782710

Place: Mumbai  
Date: 30th Apr 2021

**ABHISHEK**  
Director  
DIN No. 07596644

Place: Bengaluru  
Date: 30th Apr 2021

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### A. CORPORATE INFORMATION

Seastar Labs Private Limited is a private company incorporated and domiciled in India and has its registered office #501, Sakar-1, Opp. Gandhigram Railway Station, Ashram Road, Ahmedabad- 380009.

As at March 31, 2021, L&T Technology Services Limited, the holding company, owns 100% of the Company's equity share capital.

### B. SIGNIFICANT ACCOUNTING POLICIES

#### a) Statement of compliance

These financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. These financial statements have been approved for issue by the Board of Directors at their meeting held on April 30, 2021.

#### b) Basis of accounting

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard required a change in the accounting policy hitherto in use.

#### c) Presentation of financial statements

The balance sheet and the statement of profit and loss are prepared in the format prescribed in the schedule III to the Act. The statement of cash flows has been prepared and presented as per the requirements of Ind AS 7 "Cash Flow Statements". The disclosure requirements with respect to items in balance sheet and statement of profit and loss, as prescribed in the schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Ind AS.

#### d) Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the project/contract/service and extends up to the realization of receivables within the credit period normally applicable to the respective lines of business.

#### e) Other income

- a. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.
- b. Dividend income is accounted in the period in which the right to receive the same is established.
- c. Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

#### f) Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and the same is disclosed in the notes to accounts.

#### g) Leases

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

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 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. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts

The company has elected not to apply the requirements of Ind AS 116 leases to short-term leases where lease term is 12 months or less and leases for which the underlying asset is of low value. The lease payments related to these leases are recognised as an expense.

#### h) Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)****(i) Non-derivative financial assets****a. Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are represented by trade receivables, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

**i) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other deposits with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**j) Borrowing costs**

Borrowing costs include interest expense and exchange differences arising on foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

**k) Foreign currencies**

The functional currency of the Company is Indian rupee (₹).

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

**l) Income-tax**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognized in statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

**Current income taxes**

The current income tax expense includes income taxes payable by the Company.

Provision for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intend to settle the asset and liability on a net basis.

**Deferred income taxes**

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

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

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

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

The Company recognizes interest levied related to income tax assessments in interest expenses.

**m) Provisions, contingent liabilities and contingent assets**

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- i) The Company has a present obligation as a result of a past event;
- ii) A probable outflow of resources is expected to settle the obligation; and
- iii) The amount of the obligation can be reliably estimated

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

Contingent liability is disclosed in the case of

- i) A present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or
- ii) A possible obligation unless the probability of outflow of resources is remote

Contingent assets are neither recognized nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

**n) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**o) Use of estimates and judgements**

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, expected cost of completion of contracts, provision for rectification costs, future cash inflows (net) for hedging purpose, fair value measurement etc. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

**p) Earnings per equity share**

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average numbers of the equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and the weighted average number of equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

**1 PROPERTY, PLANT AND EQUIPMENT**

Particulars	Gross block				Depreciation/amortisation				Net block as at		
	As at 01-04-2020	Additions	Disposals	FCTR	As at 31-03-2021	As at 01-04-2020	For the period	Disposal	As at 31-03-2021	As at 01-04-2020	As at 31-03-2021
Right to use	15,589,695	-	15,589,695	-	-	2,954,661	465,464	3,420,125	-	12,635,034	-
<b>Total</b>	<b>15,589,695</b>	<b>-</b>	<b>15,589,695</b>	<b>-</b>	<b>-</b>	<b>2,954,661</b>	<b>465,464</b>	<b>3,420,125</b>	<b>-</b>	<b>12,635,034</b>	<b>-</b>

	As at 31-03-2021	As at 31-03-2020
<b>2 OTHER FINANCIAL ASSETS</b>		
Security deposits	<b>14,729</b>	2,937,146
	<b>14,729</b>	2,937,146
<b>3 OTHER NON-CURRENT ASSETS</b>		
Prepaid expenses	-	-
Income tax receivable (net)	<b>307,211</b>	837,231
	<b>307,211</b>	837,231
<b>4 CASH AND CASH EQUIVALENTS</b>		
Balances with banks	<b>905,494</b>	1,489,159
Cash on hand	-	5,570
	<b>905,494</b>	1,494,729
<b>5 OTHER FINANCIAL ASSETS</b>		
<b>Current</b>		
Loans and advances to related parties	<b>521,963</b>	984,979
	<b>521,963</b>	984,979

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

	₹	
	As at 31-03-2021	As at 31-03-2020
<b>6 OTHER CURRENT ASSETS</b>		
GST recoverable	242,820	48,948
	<u>242,820</u>	<u>48,948</u>
<b>7 EQUITY SHARE CAPITAL</b>		
<b>7.1 Authorised :</b>		
50,000 Equity Shares of ₹ 10/- each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
<b>7.2 Issued, subscribed and fully paid up</b>		
Issued, subscribed and fully paid up equity shares outstanding at the end of the period		
50,000 Equity Shares of ₹ 10/- each	500,000	500,000
<b>Total issued, subscribed and paid up capital</b>	<u>500,000</u>	<u>500,000</u>
<b>7.3 Shareholders holding more than 5% of equity shares as at the end of the year</b>		
	<b>As at 31-03-2021</b>	<b>As at 31-03-2020</b>
Name of the Person	<b>Number of shares</b>	<b>% Holding</b>
	<b>Number of shares</b>	<b>% Holding</b>
L & T Technology Services Limited*	50,000	100%
Out of 50,000 Equity Shares, P Ramkrishnan is holding 100 equity shares as a nominee share holder on behalf of L & T Technology Services Limited.		
	50,000	100%
	<u>50,000</u>	<u>100%</u>
	<u>50,000</u>	<u>100%</u>
	As at 31-03-2021	As at 31-03-2020
<b>8 OTHER EQUITY</b>		
Retained earnings	591,921	(3,410,780)
	<u>591,921</u>	<u>(3,410,780)</u>
<b>9 OTHER FINANCIAL LIABILITIES</b>		
Lease liability	-	14,813,123
	<u>-</u>	<u>14,813,123</u>
<b>10 SHORT TERM BORROWINGS</b>		
Intercompany Borrowings	-	1,846,126
	<u>-</u>	<u>1,846,126</u>
<b>11 TRADE PAYABLE</b>		
Micro and small enterprises	-	-
Due to related parties	-	207,309
Due to others	636,308	1,568,445
Liability for revenue goods	259,677	365,527
Suppliers ledger - revenue goods/services	-	-
	<u>895,985</u>	<u>2,141,281</u>
<b>12 OTHER FINANCIAL LIABILITIES</b>		
Due to others	-	3,004,028
Lease liability	-	3,004,028
	<u>-</u>	<u>3,004,028</u>
<b>13 OTHER CURRENT LIABILITIES</b>		
Statutory tax payable	4,311	44,289
Other Payables	-	-
	<u>4,311</u>	<u>44,289</u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

	Period ended 31-03-2021	Period ended 31-03-2020
₹		
<b>INCOME</b>		
Revenue from operations	-	-
Engineering and technology services	-	-
	-	-
<b>14 OTHER INCOME</b>		
Profit/(loss) on sales of fixed asset	5,247,975	-
Miscellaneous income	31,800	5,983,736
Net gain/(loss) on sale of investment	-	-
	5,279,775	5,983,736
<b>EXPENSES</b>		
<b>15 OTHER EXPENSES</b>		
Legal and professional charges	156,086	56,650
Repairs to buildings & machineries	77,792	448,228
Power and fuel	63,798	580,946
Rates and taxes	3,190	-
Overheads charged by group companies	175,000	165,953
Miscellaneous expenses	2,832	6,202
	478,698	1,257,979
<b>16 FINANCE COSTS</b>		
Bank interest paid	-	-
Interest paid/payable - others	80,797	162,363
Interest on lease liability	252,115	1,644,045
	332,912	1,806,408
<b>DEPRECIATION</b>		
Depreciation	465,464	2,954,661
	465,464	2,954,661
<b>17 BASIC EARNING PER EQUITY SHARE</b>		
Profit after tax	4,002,701	(35,312)
Less: Dividend on preference shares	-	-
Less: Tax on dividend	-	-
Profit attributable to equity shareholders	4,002,701	(35,312)
Weighted average no. of equity shares outstanding	50,000	50,000
Basic EPS	80.05	(0.71)
Profit after tax	4,002,701	(35,312)
Profit attributable to equity shareholders	4,002,701	(35,312)
Weighted average no. of equity shares outstanding	50,000	50,000
Diluted EPS	80.05	(0.71)

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

	Year ended 31-03-2021	Year ended 31-03-2020
<b>18 DETAILS OF PAYMENT TO AUDITORS</b>		
Payment to auditors		
As auditor:		
Audit fee	25,000	30,000
Tax Audit Fees	-	-
Other taxation matters	-	-
Other services :	-	-
- Other services including certification work	-	-
	<b>25,000</b>	<b>30,000</b>

**19 FAIR VALUE MEASUREMENTS**  
**Financial instrument by category**

(₹)

	As at 31-03-2021			As at 31-03-2020		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
<b>Financial assets</b>						
- Bank fixed deposits	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-
Cash and cash equivalents	-	-	905,494	-	-	1,494,729
Other financial assets	-	-	521,963	-	-	984,979
Security deposits	-	-	14,729	-	-	2,937,146
<b>Total financial assets</b>	-	-	<b>1,442,186</b>	-	-	<b>5,416,854</b>
<b>Financial liabilities</b>						
Borrowings	-	-	-	-	-	1,846,126
Trade payables	-	-	-	-	-	2,141,281
Other financial liabilities	-	-	-	-	-	-
<b>Total financial liabilities</b>	-	-	-	-	-	<b>3,987,407</b>

**(i) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

	As at 31-03-2021			
	Level 1	Level 2	Level 3	Total
<b>Financial assets and liabilities measured at fair value - recurring fair value measurements</b>				
<b>Financial assets</b>				
Financial investment at FVPL				
Mutual funds	-	-	-	-
Financial investment at FVOCI				
Foreign currency forward and options contracts	-	-	-	-
<b>Total financial assets</b>	-	-	-	-
<b>Financial liabilities</b>				
Forward contract payable	-	-	-	-
<b>Total financial liabilities</b>	-	-	-	-

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There were no transfers between the levels during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**(ii) Valuation technique used to determine fair value**

Specific valuation technique used to value financial instruments include :

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)****(iii) Valuation processes**

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The fair valuation of level 1 and level 2 classified assets and liabilities are readily available from the quoted prices in the open market and rates available in secondary market respectively. The valuation method applied for various financial assets and liabilities are as follows -

- Quoted price in the primary market (net asset value) considered for the fair valuation of the current investment i.e Mutual fund. Gain/ (loss) on fair valuation is recognised in statement of profit and loss.
- The carrying amounts of trade receivable, trade payable, cash and bank balances, short term loans and advances, statutory dues/ receivable, short term borrowing, employee dues are considered to be the same as their fair value due to their short-term nature.
- The fair value of premium receivable on financial guarantee contract is derived by discounting premium receivable over the period of contract. Thereafter, the same is carried at the amount initially recognised less the cumulative amortisation of income over the period of the contract.
- The fair value of security deposit is calculated by discounting future cash inflows.

**(iv) Fair value of financial assets and financial liabilities measured at amortised cost:**

The carrying amounts of all financial assets and financial liabilities are considered to be the same as their fair values due to their short term nature.

**20 TAX RECONCILIATION STATEMENT**

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

Particulars	2020-21	2019-20
Accounting Profit Before Income Tax	4,002,701	-35,312
Corporate Income Tax Rate	-	-
Tax at Income tax rate	0.000%	0.000%
Incomes Exempted from Taxation		
Dividend Income	-	-
Others	-	-
Non Deductible Tax Expenses		
Expenditure on exempt income	-	-
Others	-	-
First time recognition of Deferred tax Assets	-	-
Adjustment on account of change in Effective Rate used for deferred tax	-	-
Tax on other comprehensive income	-	-
Tax on income at differential tax rates	-	-
Adjustment of previous period	-	-
<b>Total Tax Expense as per books of accounts</b>	-	-

(₹)

**21 LEASES****1 Profit / (Loss) on derecognition of Lease**

Particulars	Amount (₹)
Closing balance of Lease Liability as on date of derecognition	17,339,962
Less: Closing balance of Right to Use as on date of derecognition	12,169,570
Gain on derecognition of Right to Use	5,170,392
Add: Notional Security deposit (IndAS)	77,583
Total gain recognised	5,247,975

**2 Impact of change in accounting policy /adoption of IND AS 116**

Particulars	Amount (₹)
Decrease in Fixed assets	-
Increase lease liability	-
Increase Right of Use	-
Increase / decrease in deferred tax assets	-
Increase in finance cost	-
Increase in depreciation	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)****3 Classwise right of use assets (in our case it will be only office premise)**

Particulars	Amount (₹)
Balance as on 1st April 2020	12,635,034
Addition during the year	–
Depreciation during the year	465,464
Disposal during the year	12,169,570
Closing balance as on 31st March 2021	–

**4 Lease liability movement**

Particulars	Amount (₹)
Balance as on 1st April 2019	17,817,151
Addition during the year	–
Repayment during the year (lease payment towards lease liability)/ Total cash outflow for lease	477,189
Derecognition of lease liability	17,339,962
Closing balance as on 31st March 2021	0

**5 Maturity analysis of lease liability (undiscounted)**

Particulars	Amount (₹)
Less than 1 year	–
1 to 5 years	–
More than 5 years	–
Total	–
Closing balance as on 31st March 2021	–
Current liability	–
Non-current liability	–

**6 Amount recognised in P&L account**

Particulars	Amount (₹)
Interest on lease liability	252,115
Variable lease payments not included in measurement of lease liability	–
Income from sub-leasing	–
Rent expense - Short term lease	–
Rent expense - low value lease agreements	–

**22 RELATED PARTY DISCLOSURE****22(1)(i) List of related parties which can exercise control**

Name	Relationship
Larsen & Toubro Limited	Ultimate Holding company
L&T Technology Services Limited	Holding company

**22(1)(ii) Key management personnel**

Name	Status
Mr. Abhishek Sinha	Director
Mr. Rajeev Gupta	Director

**22(1)(iii) List of related parties with whom there were transactions during the year**

Name	Relationship
Larsen & Toubro Limited	Ultimate Holding company
L&T Technology Services Limited	Holding company
Graphene Semiconductor Services Private Limited	Fellow Subsidiary

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)****22(1)(iv) Disclosure of related party transactions**

(₹)

Transaction	31-03-2021	31-03-2020
<b>Services rendered by company</b>		
<b>Fellow Subsidiary</b>		5,779,355
- Graphene Semiconductor Services Private Limited		5,779,355
<b>Services availed by company</b>		
<b>Ultimate Holding company</b>	201,000	165,953
- Larsen & Toubro Limited	201,000	165,953
<b>Interest Expense</b>		
<b>Holding Company</b>	80,797	74,336
- L&T Technology Services Limited	80,797	74,336
<b>Fellow Subsidiary</b>	-	88,027
- Graphene Semiconductor Services Private Limited	-	88,027
<b>Balance</b>	<b>31/03/2021</b>	<b>31/03/2020</b>
<b>Receivable</b>		
<b>Holding Company</b>	1,668,872	274,222
- L&T Technology Services Limited	1,668,872	274,222
<b>Fellow Subsidiary</b>	-	710,757
- Graphene Semiconductor Services Private Limited	-	710,757
<b>Payable</b>		
<b>Ultimate Holding company</b>	16,114	207,309
- Larsen & Toubro Limited	16,114	207,309
<b>Fellow Subsidiary</b>	1,146,909	-
- Graphene Semiconductor Services Private Limited	1,146,909	-
<b>Loans &amp; Advances Payable</b>		
<b>Holding Company</b>	-	1,700,000
- L&T Technology Services Limited	-	1,700,000

**23 SEGMENT REPORTING****Business segments:**

As the Company's business activity primarily falls within a single primary business segment, viz engineering, programming and testing services, the disclosure requirements of IND AS 108 'Operating Segments' are not applicable.

**Geographical segments:**

The company does not have operation outside India. Hence, disclosure of geographical segment does not arise.

Assets used and liabilities contracted for performing the Company's business have not been identified to any of the above reported segments as they are used inter-changeably among segments.

- 24** Based on the information and records available with the Company, there are no amounts payable to micro and small enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006
- 25** The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.
- 26** There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2021.
- 27** Contingent Liability - ₹ Nil (₹ Nil)
- 28** Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report attached

**S K JHA & CO.**  
Chartered Accountants  
Firm's registration No. 126173W  
by the hand of

**NIKHIL MAKHIJA**  
Partner  
Membership No. 176178

Place: Ahmedabad  
Date: 30th Apr 2021

For and on behalf of the Board of Directors of  
**Seastar Labs Private Limited**

**RAJEEV GUPTA**  
Director  
DIN No. 06782710

Place: Mumbai  
Date: 30th Apr 2021

**ABHISHEK**  
Director  
DIN No. 07596644

Place: Bengaluru  
Date: 30th Apr 2021

**BOARD REPORT**

Dear Members,

The Directors have pleasure in presenting their Second Board report and Audited Accounts for the year ended December 31, 2020.

**1. FINANCIAL RESULTS:**

Particulars	2020	2019
	CNY	CNY
Total Income	2,543,941	–
Total Expenditure	3,315,577	135,435
Operating Profit / (Loss)	(771,636)	(135,435)
Add: Interest & Other Income	–	–
Less: Finance Costs	–	–
Profit / (Loss) before Tax	(771,636)	(135,435)
Less: Tax	–	–
Net Profit / (Loss) after Tax	(771,636)	(135,435)
Add: Balance b/f from previous year	(135,435)	–
Balance available for disposal which directors appropriate as follows:	(771,636)	(135,435)
Dividend	–	–
Transfer to Reserves	–	–
Balance to be carried forward	(907,071)	(135,435)

**2. CAPITAL & FINANCE:**

During the year under review, the Company has not issued any shares. There is no loan outstanding as on December 31, 2020. The Company has a share capital of CNY 3,288,438.

**3. CAPITAL EXPENDITURE:**

As at December 31, 2020, the gross fixed and intangible assets including leased assets, stood at Nil and the net fixed and intangible assets, including leased assets, at Nil. Capital Expenditure during the year amounted to Nil.

**4. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

The Company has not given loan/made investment/provided guarantee or security during the year under review.

**5. STATE OF COMPANY AFFAIRS:**

The gross sales and other income for the financial year under review were CNY 2,543,941 as against Nil for the previous financial year registering an increase of 100%. The (loss) before tax from continuing operations including extraordinary and exceptional items was CNY (771,636) and the (loss) after tax from continuing operations including extraordinary and exceptional items was CNY (771,636) for the financial year under review as against CNY (135,435) and CNY (135,435) respectively for the previous financial year, registering a decrease of 470% and 470% respectively.

**6. AMOUNT TO BE CARRIED TO RESERVE:**

As at December 31, 2020, the Company has not transferred any amount to reserves.

**7. DIVIDEND:**

The Directors have not declared any dividend during the year.

**8. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:**

There are no material changes affecting the financial position of the Company between the end of the financial year and the date of the Report.

**9. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

During the year under review, there were no material and significant orders passed by the regulators or courts impacting the going concern status and the Company's operations in future.

**10. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:**

The current Directors of the Company are Dr. Keshab Panda, Mr. Amit Chadha and Mr. P Ramakrishnan.

**11. FINANCIAL STATEMENTS:**

The Financial Statements does not contain any qualification, observation or adverse comment which has/have an adverse effect on the functioning of the Company.

**12. AUDITORS:**

M/s Shanghai Zhongqin Wanxin CPAs Co., Ltd. are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.

**13. DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors of the Company confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

**14. ACKNOWLEDGEMENT:**

Your Directors acknowledge the invaluable support extended by the Government authorities in China and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

**MR. AMIT CHADHA**  
*Director*

*Date: April 13, 2021*  
*Place: Washington, USA*

## AUDITORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2020

### Shanghai Zhongqin Wanxin CPAS Co., Ltd.

Address: Room 1618, Shatian Mansion, #587 Changshou Road

Tel: (86-21)31275173

Fax: (86-21) 31275175

Zip Code: 200060

HQWSZ(2021)H00000

### TO THE BOARD OF DIRECTORS OF AND MEMBERS OF L&T TECHNOLOGY SERVICES (SHANGHAI) CO., LTD

#### I. Auditors' Opinion

We have audited the accompanying financial statements of L&T TECHNOLOGY SERVICES (SHANGHAI) CO., LTD. (hereafter referred as "The company") which comprise the balance sheet as of December 31, 2020, the income statements, the cash flows and the statement of change in equity for the year then ended and notes appended to the related financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of L&T TECHNOLOGY SERVICES (SHANGHAI) CO., LTD. as of December 31, 2020 and of its financial performance and its cash flows for the year then ended in accordance with the requirements of Enterprise Accounting System.

#### II. Basis of Auditors' opinion

We conducted our audit in accordance with Independent Auditing Standards for Certified Public Accountants. The section of Responsibility of Auditor in the report will further illustrate our responsibilities under these guidelines. According to the ethics code of CPA, we are independent of your company and have fulfilled other responsibilities in the field of professional ethics. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### III. Responsibility of the Management for the Financial Statements

The management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Enterprise Accounting System. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the company's ability to continue as a going concern, disclosing matters related to going concern and using the going basis of accounting unless the management either intends to liquidate the company, or to cease operations or have no realistic alternative but to do so.

The management is responsible for overseeing the company's financial reporting process.

#### IV. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Meanwhile, we also conduct the following works:

- 1) Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 internal control.
- 2) Obtain an understanding of internal control relevant to audit in order to design audit procedures that are appropriate, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- 3) Evaluate the appropriateness of accounting policy used and the reasonableness of accounting estimates and related disclosures made by the management.
- 4) Conclude the appropriateness of the management's use of going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainties 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, 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.
- 5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieve fair presentation.

We communicate with the management of the company regarding, among other matters, the planned scope and timing of audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Shanghai Zhongqin Wanxin CPAS Co., Ltd.

CPA Signature \_\_\_\_\_

CPA Signature \_\_\_\_\_

Shanghai, China  
April. 13th, 2021

*This auditor's report and the accompanying notes to the financial statements are English translation of the Chinese auditors' report. In case of doubt as to the presentation of these documents, In case of doubt as to the presentation of these documents, the Chinese version shall prevail.*

**BALANCE SHEET AS AT 31 DECEMBER 2020**

Particulars	Note No.	(CURRENCY: CNY)	
		2020.12.31	2019.12.31
<b>CURRENT ASSETS</b>			
Cash and Bank Deposits	6.1	3,172,831.55	3,278,723.03
Accounts Receivable	6.2	719,442.73	
Other Receivables		85,793.99	
Inventory			
Prepaid expenses			
Other current assets			7,543.20
<b>TOTAL CURRENT ASSETS</b>		<b>3,978,068.27</b>	<b>3,286,266.23</b>
<b>FIXED ASSETS</b>			
Fixed assets - Cost			
Less: Accumulated depreciation			
<b>FIXED ASSETS - NET VALUE</b>		<b>-</b>	<b>-</b>
<b>TOTAL FIXED ASSETS</b>		<b>-</b>	<b>-</b>
<b>INTANGIBLE AND OTHER ASSETS</b>			
Intangible assets		-	
Deferred assets		-	
<b>TOTAL INTANGIBLE AND OTHER ASSETS</b>		<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>3,978,068.27</b>	<b>3,286,266.23</b>
<b>LIABILITIES AND OWNER'S EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	6.3	351,337.73	133,263.20
Advances from customers			
Payroll and Welfare Payable			
Tax Payable		5,777.90	
Other Payables	6.4	1,239,585.70	
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,596,701.33</b>	<b>133,263.20</b>
<b>DEFERRED TAX</b>			
Deferred tax credits		-	-
<b>TOTAL LIABILITIES</b>		<b>1,596,701.33</b>	<b>133,263.20</b>
<b>OWNER'S EQUITY</b>			
Paid-in capital	6.5	3,288,438.05	3,288,438.05
Capital surplus			
Undistributed profits	6.6	(907,071.11)	(135,435.02)
<b>TOTAL OWNER'S EQUITY</b>		<b>2,381,366.94</b>	<b>3,153,003.03</b>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>		<b>3,978,068.27</b>	<b>3,286,266.23</b>

The annexed Notes form an integral part of these Financial Statements.

Sd/-

Director

Sd/-

Financial controller

**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

Particulars	Note No.	(CURRENCY: CNY)	
		2020	2019
<b>SALES</b>	6.7	<b>2,543,940.86</b>	
Less: Cost of Sales	6.7	<b>888,022.06</b>	
Taxes and surcharge for main operations		<b>4,740.56</b>	
Less: Operating expenses	6.8	<b>243,535.54</b>	
General and administrative expenses	6.9	<b>2,080,500.96</b>	125,720.00
Financial expenses	6.10	<b>98,777.83</b>	9,715.02
Asset disposal incomes			
<b>OPERATION INCOME</b>		<b>(771,636.09)</b>	<b>(135,435.02)</b>
Add: Non-operating incomes		-	-
Less: Non-operating expenses		-	-
<b>INCOME BEFORE TAX</b>		<b>(771,636.09)</b>	<b>(135,435.02)</b>
Less: Income tax			
<b>NET INCOME</b>		<b>(771,636.09)</b>	<b>(135,435.02)</b>

*The annexed Notes form an integral part of these Financial Statements.*

Sd/-

Director

Sd/-

Financial controller

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

Particulars	(CURRENCY: CNY)	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from sales of goods or rendering of services	1,828,895.06	
Other cash received relating to operating activities	1,251,068.59	13.67
<b>Sub-total of cash inflows</b>	<b>3,079,963.65</b>	<b>13.67</b>
Cash paid for goods and services	669,947.53	
Cash paid to and on behalf of employees	350,468.47	
Tax paid	3,359.59	
Other cash paid relating to operating activities	2,064,084.28	
<b>Sub-total of cash outflows</b>	<b>3,087,859.87</b>	-
<b>Net Cash Flows from Operating Activities</b>	<b>(7,896.22)</b>	<b>13.67</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash received from disposal of fixed asset	-	
<b>Sub-total of cash inflows</b>	-	-
Cash paid to acquire fixed assets, intangible assets and other long-term assets	-	
<b>Sub-total of cash outflows</b>	-	-
<b>Net Cash Flows from Investing Activities</b>	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from investors		3,288,438.05
Sub-total of cash inflows	-	3,288,438.05
Cash payments for distribution of dividends, interest expenses	-	
<b>Sub-total of cash outflows</b>	-	-
<b>Net Cash Flows from Financing Activities</b>	-	3,288,438.05
<b>Effect of Foreign Exchange Rate Changes on Cash</b>	<b>(97,995.26)</b>	<b>(9,728.69)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(105,891.48)</b>	<b>3,278,723.03</b>

The annexed Notes form an integral part of these Financial Statements.

Sd/-

Director

Sd/-

Financial controller

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020**

(CURRENCY: CNY)

	Paid in Capital	Capital surplus	Accumulated Profits	Total
Balance at 1 January 2019				
-- as originally stated				-
-- adjustment on adoption of Accounting Standard				
-- as restated	-	-	-	-
Increase and Decrease for The Year				
-- Net profit for the year			(135,435.02)	(135,435.02)
-- Profit distributed				
Statutory surplus reserve	3,288,438.05			3,288,438.05
Extract for employee bonus and welfare fund				-
Dividend payable				-
Balance at 31 December 2019	3,288,438.05	-	(135,435.02)	3,153,003.03
Balance at 1 January 2020				
-- as originally stated	3,288,438.05	-	(135,435.02)	3,153,003.03
-- adjustment on adoption of Accounting Standard				
-- as restated	3,288,438.05	-	(135,435.02)	3,153,003.03
Increase and Decrease for The Year				
-- Net profit for the year			(771,636.09)	(771,636.09)
-- Owner invest new capital				-
-- Profit distributed				
Statutory surplus reserve				-
Extract for employee bonus and welfare fund				-
Dividend payable				-
Balance at 31 December 2020	3,288,438.05	-	(907,071.11)	2,381,366.94

*The annexed Notes form an integral part of these Financial Statements.*

Sd/-

Director

Sd/-

Financial controller

## NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in CNY unless otherwise stated)

### 1. General

L&T TECHNOLOGY SERVICES (SHANGHAI) CO., LTD. (hereinafter referred to as “the Company”) was invested by L&T TECHNOLOGY SERVICES LTD. as a wholly foreign-owned enterprise. The Company was approved to establish in August 2019. The code of Business license is No.91310115MA1K4DK527. The registered capital is 3,300,000.00 RMB. The approved operating period is 50 years.

Business Scope: engage in engineering design and manufacturing support solutions for mechanical equipment, electronic equipment and medical equipment; engage in developing, designing and manufacturing of computer software (excluding audiovisual products and electronic publications); sells of self-produced products, integrated circuits, computer hardware and R&D of auxiliary equipment; engage in wholesale, import and export, commission agents (excluding auctions) of the above-mentioned commodities and provide related supporting business; engage in designing, installation, maintenance of computer system integration. (Projects subject to approval according to law may be operated after approval by relevant departments).

### 2. Basis of preparation

The financial statements have been prepared in accordance with the Accounting System for Business Enterprises and regulations of the relevant accounting standards for business enterprises.

### 3. Statement of compliance

The Financial statements have been prepared in conformity with the Accounting Regulations for Business Enterprises and regulations of the relevant accounting standards for business enterprises by the Company, and give a true and fair view of the state of affairs, results and cash flows.

### 4. Principal Accounting Policies and Estimates

#### 4.1 Fiscal Year

The Company adopts the calendar year as its fiscal year which starts on 1 January and ends on 31 December.

#### 4.2 Recording Currency and Foreign Currency Transactions

The Company uses the Renminbi (CNY) as its reporting currency.

Foreign currency transactions are converted into CNY for recording purpose at the exchange rate on the date of when the transactions occur. Adjustments are made to foreign currency accounts according to the exchange rate prevailing on the date of balance sheet. Exchange differences arising from these translations are taken to the profit and loss account.

#### 4.3 Recording Principle and Valuation Basis

The financial statements are prepared on accrual basis and follow the historical cost convention.

#### 4.4 Cash and Cash Equivalent

Cash and Cash equivalents are defined as highly liquid investments that are convertible to a known amount of cash, have an original maturity of less than three months at the time of purchase and have insignificant risk of change in fair market value due to shifts in the interest rate.

#### 4.5 Provisions for Bad Debts

##### (A) Recognition of bad debts

Uncollected accounts arising from repeal and liquidation of debtor after taking legal clearance procedures, from the death of debtor leaving no assets to pay off and nobody to assume the obligations; accounts past due with strong evidence to show the debtors failed to repay obligations are considered as bad debts.

##### (B) Provision for bad and doubtful debts

Specific identification method is adopted.

#### 4.6 Inventory

##### (A) Categories

Merchandised goods and low cost and short-lived articles.

##### (B) Valuation method:

The inventories are recorded at actual cost when acquired and calculated using first-in-first-out method when issued.

##### (C) Amortization of low cost and short-lived articles

By once amortization method.

##### (D) Provision for diminution in value of inventory

After yearend stock taking, provision for diminution in value of inventory is recognized by individual unit based on the lower of the cost or the net realizable value of inventory.

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

(Amounts are expressed in CNY unless otherwise stated)

**4.7 Recognition of revenue****(A) Sale of goods**

Revenue from the sale of goods is recognized when the enterprise has transferred to the buyer the significant risks and rewards of ownership of the goods; the enterprise retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; it is probable that the economic benefits associated with the transaction will flow to the enterprise; and the relevant amount of revenue and costs can be measured reliably.

**(B) Rendering of services**

When the provision of services is started and completed within the same accounting year, revenue is recognized at the time of completion of the services, receipt of the proceeds or obtaining the evidence to receive proceeds. When the provision of services is started and completed in different accounting years and the outcome of a transaction can be estimated reliably, revenue is recognized using the percentage of completion method at the balance sheet date.

**4.8 Income Tax**

The corporate and local income taxes are accounted for using tax payable method.

**5. Taxation****5.1 VAT**

VAT outputs are calculate base on the taxable revenue with the rate 13%&6%, VAT out-put less the VAT inputs which approved to be deducted shall be paid.

**5.2 Urban maintenance and construction tax**

Based on actual payment of business tax, value added tax and consumption tax.

**5.3 Enterprise Income Tax**

EIT calculate base on the taxable income with the rate 25%.

**5.4 Education surcharges**

Based on actual payment of business tax, value added tax and consumption tax.

**6. Note to the Financial Statements****6.1 Cash and Bank Deposits**

Item	31 December 2020	31 December 2019
Bank deposits	3,172,831.55	3,278,723.03

**6.2 Accounts Receivables**

Age	31 December 2020			31 December 2019		
	Amount	Rate	Bad debts	Amount	Rate	Bad debts
Within 1 year	719,442.73	100%	---	---	---	---
<b>Total</b>	<b>719,442.73</b>	<b>100%</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>

Among which, main items:

Company	31 December 2020	Age
OTIS HIGH RISE ELEVATOR(SHANGHAI) CO.,LTD	460,821.22	Within 1 year

**6.3 Accounts Payable**

Aging	31 December 2020	31 December 2019
Within 1 year	351,337.73	133,263.20

Among which, main items

Company	31 December 2020	Aging
L&T INFORMATION TECHNOLOGY SERVICES(SHANGHAI) CO., LTD	351,337.73	within 1 year

**6.4 Other Payables**

Aging	31 December 2020	31 December 2019
Within 1 year	1,239,585.70	

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

(Amounts are expressed in CNY unless otherwise stated)

Among which, main items

Company	31 December 2020	Aging
L&T TECHNOLOGY SERVICES LTD	1,225,593.70	within 1 year

**6.5 Paid in Capital**

Investor	31 December 2020	
	USD	CNY equivalent
L&T TECHNOLOGY SERVICES LTD	469,985.00	3,288,438.05

**6.6 Undistributed Profits**

Item	Year Ended 31 December 2019
Balance as at the beginning of the year	(135,435.02)
Add: Profit for current year	(771,636.09)
Less: Employee bonus and welfare fund	---
Dividend paid	---
Balance as at the end of the year	(907,071.11)

**6.7 Sales and Cost of Sales**

Item	Year Ended 31 December 2020		Year Ended 31 December 2019	
	Sales	Cost of Sales	Sales	Cost of Sales
Main business	2,543,940.86	888,022.06		

**6.8 Operating Expenses**

Item	Year Ended 31 December 2020	Year Ended 31 December 2019
General and Administrative Expenses	243,535.54	
Among which, main items:		
Salaries	200,283.24	

**6.9 General and Administrative Expenses**

	Year Ended 31 December 2020	Year Ended 31 December 2019
General and Administrative Expenses	2,080,500.96	125,720.00
Among which, main items:		
Management fee	1,225,593.70	
Consultation fee	216,980.73	
Technical service fee	187,885.70	125,720.00

**6.10 Financial expenses**

Item	Year Ended 31 December 2020	Year Ended 31 December 2019
Interest income	3,939.69	13.67
Exchange gains or losses	97,995.16	9,728.69
Others	4,722.36	
<b>Total</b>	<b>98,777.83</b>	<b>9,715.02</b>

**7. Contingencies**

The Company has no significant contingent events to disclose.

**8. Post-balance sheet events**

No significant post-balance sheet event needs to be disclosed.

**TAXABLE INCOME RECONCILIATION FOR THE YEAR ENDED DECEMBER 31, 2020**

(CURRENCY: CNY)

<b>Items</b>	<b>Amount</b>
Accounting income for the year	(771,636.09)
Add - Expenses without the receipt	22,530.00
Taxable income for the year	(749,106.09)

The adjustment of taxable income is the point of view of CPA who conducted the audit.

The ultimate taxable income is subject to the verification of local tax bureau.

## BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their First Board Report and Management Certified Accounts for the year ended March 31, 2021.

### 1. FINANCIAL RESULTS:

Particulars	2020-21
	CAD
Total Income	185,491
Total Expenditure	176,039
Operating Profit / (Loss)	9,452
Add: Interest Income	-
Less: Finance Costs	-
Profit / (Loss) before Tax	9,452
Less : Tax	2,552
Net Profit / (Loss) after Tax	6,900
Add: Balance b/f from previous year	-
Balance available for disposal which directors appropriate as follows:	6,900
Dividend	-
Transfer to Reserves	-
Balance to be carried forward	-

### 2. CAPITAL & FINANCE:

During the year under review, the Company has issued shares for CAD 6,612. There is no loan outstanding as on March 31, 2021.

### 3. CAPITAL EXPENDITURE:

As at March 31, 2021, the gross fixed and intangible assets including leased assets, stood at Nil and the net fixed and intangible assets, including leased assets, at Nil. Capital Expenditure during the year amounted to Nil.

### 4. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

The Company has not given loan/made investment/provided guarantee or security during the year under review.

### 5. STATE OF COMPANY AFFAIRS:

The gross sales and other income for the financial year under review were CAD 185,491. The profit before tax from continuing operations including extraordinary and exceptional items was CAD 9,452 and the profit after tax from continuing operations including extraordinary and exceptional items of CAD 6,900 for the financial year under review.

### 6. AMOUNT TO BE CARRIED TO RESERVE:

As at March 31, 2021, the Company has not transferred any amount to reserves.

### 7. DIVIDEND:

The Directors have not declared any dividend during the year.

### 8. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There are no material changes affecting the financial position of the Company between the end of the financial year and the date of the report.

### 9. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

During the year under review, there were no material and significant orders passed by the regulators or courts impacting the going concern status and the Company's operations in future.

### 10. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:

The current directors of the Company are Dr. Keshab Panda, Mr. Amit Chadha and Mr. P. Ramakrishnan.

**11. DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors of the Company confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

**12. ACKNOWLEDGEMENT:**

Your Directors acknowledge the invaluable support extended by the Government authorities in Canada and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

**MR. AMIT CHADHA**  
*Director*

*Date: April 29, 2021*

*Place: United States of America*

**BALANCE SHEET AS AT MARCH 31, 2021**

Particulars	Note No.	CAD As at 31-03-2021
<b>ASSETS:</b>		
<b>I. Non-current assets</b>		
Property, plant and equipment		-
Capital work-in-progress		-
Right-of-Use Asset		-
Goodwill		-
Other intangible assets		-
<b>Financial assets</b>		
Investments		-
Loans		-
Other financial assets		-
Deferred tax assets (net)		-
Other non current assets		-
<b>Total non-current assets</b>		<b>-</b>
<b>II. Current assets</b>		
<b>Financial assets</b>		
Trade receivables	1	136,517
Cash and cash equivalents	2	3,336
Other financial assets		-
Other current assets	3	55,474
<b>Total current assets</b>		<b>195,327</b>
<b>TOTAL ASSETS</b>		<b>195,327</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds</b>		
Share capital	4	6,612
Other equity		6,900
<b>Total equity</b>		<b>13,512</b>
<b>I. Non-current liabilities</b>		
Lease Liability		-
Other financial liabilities		-
Deferred tax liabilities (Net)		-
<b>Total non-current liabilities</b>		<b>-</b>
<b>II. Current liabilities</b>		
<b>Financial liabilities</b>		
Borrowings		-
Trade payables	5	173,103
Lease Liability		-
Other financial liabilities		-
Other current liabilities	6	6,500
Provisions		-
Current tax liabilities (net)		2,212
<b>Total current liabilities</b>		<b>181,815</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>195,327</b>

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For and on behalf of **L&T Technology Services (Canada) Limited**

**AMIT CHADHA**

Director

Date: April 29, 2021

Place: United States of America

**STATEMENT OF PROFIT AND LOSS FOR PERIOD ENDED ON MARCH 31, 2021**

		CAD
Particulars	Note No.	Year ended 31-03-2021
I. Revenue from operations	7	185,491
II. Other income		-
III. <b>TOTAL INCOME</b>		<b>185,491</b>
IV. <b>Expenses:</b>		
Employee benefit expenses		-
Other operating expenses	8	176,039
Finance cost		-
Depreciation and amortisation expenses		-
<b>TOTAL EXPENSES</b>		<b>176,039</b>
V. <b>PROFIT BEFORE TAX (III - IV)</b>		<b>9,452</b>
VI. <b>Tax expense :</b>		
(a) Current tax		2,552
(b) Deferred tax		-
<b>TOTAL TAX EXPENSE</b>	9	<b>2,552</b>
VII. <b>PROFIT FOR THE YEAR (V - VI)</b>		<b>6,900</b>
VIII. Other comprehensive income (OCI), net of taxes		-
IX. <b>TOTAL COMPREHENSIVE INCOME, NET OF TAXES</b>		<b>6,900</b>

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For and on behalf of **L&T Technology Services (Canada) Limited**

**AMIT CHADHA**  
Director

Date: April 29, 2021  
Place: United States of America

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021**

<b>Particulars</b>	<b>CAD</b>
	<b>Year ended 31-03-2021</b>
<b>A. Cash flow from operating activities</b>	
Profit before tax	9,452
<b>Adjustments for:</b>	
Depreciation and amortisation	-
Interest received	-
Interest paid	-
(Profit)/Loss on sale of fixed assets	-
Employee stock option forming part of staff expenses	-
Dividends received from current investments	-
Unrealised foreign exchange loss/(gain)	-
<b>Operating profit before working capital changes</b>	<b>9,452</b>
<b>Changes in working capital</b>	
(Increase)/decrease in trade receivables	(136,517)
(Increase)/decrease in other receivables	(55,474)
Increase/(decrease) in trade & other payables	179,603
<b>(Increase)/decrease in working capital</b>	<b>(12,388)</b>
<b>Cash generated from operations</b>	<b>(2,936)</b>
Direct taxes paid	(340)
<b>Net cash (used in)/from operating activities</b>	<b>(3,276)</b>
<b>B. Cash flow from investing activities</b>	
Purchase of fixed assets	-
Sale of fixed assets	-
(Purchase)/Sales of current investments	-
Consideration paid on acquisition of subsidiaries	-
Cash & cash equivalents acquired pursuant to acquisition of subsidiaries	-
Dividends received from current investments	-
Interest received	-
<b>Net cash (used in)/from investing activities</b>	<b>-</b>
<b>C. Cash flow from financing activities</b>	
Equity share capital issued including share premium	6,612
Preference share capital redeemed	-
Proceeds from/(repayment of) borrowings	-
Interest paid	-
<b>Net cash (used in) / from financing activities</b>	<b>6,612</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>3,336</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>-</b>
<b>Cash and cash equivalents at end of year</b>	<b>3,336</b>

**Notes:**

- 1 Cash flow has been prepared under the indirect method as set out in the IndAS - 7.
- 2 Purchase of fixed assets includes movements of capital work-in-progress between the beginning and end of the year.
- 3 Cash and cash equivalents included in Cash Flow Statement comprise the following :

	<b>As at 31-12-2020</b>
a) Cash and cash equivalents	3,336
b) Other bank balances	-
	<b>3,336</b>

For and on behalf of **L&T Technology Services (Canada) Limited****AMIT CHADHA**

Director

Date: April 29, 2021

Place: United States of America

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

CAD

## OTHER EQUITY

Particulars	Other Equity		Total equity attributable to equity holders of the Company
	Equity Share Capital	Reserves & Surplus Retained earnings	
<b>Balance as at 01-04-2020</b>	-	-	-
Profit for the year		6,900	6,900
Addition/(deduction) during the period	6,612	-	-
<b>Balance as at 31-03-2021</b>	<b>6,612</b>	<b>6,900</b>	<b>6,900</b>

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 For and on behalf of **L&T Technology Services (Canada) Limited**
**AMIT CHADHA**  
 Director

 Date: April 29, 2021  
 Place: United States of America

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### A. CORPORATE INFORMATION

L&T Technology Services (Canada) Limited was incorporated and domiciled in Canada and has its registered office at 1200 Waterfront Centre, PO Box 48600, 200 Burrard Street, Vancouver, BC V7X 1T2, Canada

As at March 31, 2021, L&T Technology Services LLC, the holding company, owns 100% of the Company's equity share capital.

### B. SIGNIFICANT ACCOUNTING POLICIES

#### a) Statement of compliance

These financial statements have been prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in Singapore to reflect the financial position, results of operations and cash flows of the Company.

All amounts are stated in CAD, except as otherwise specified.

#### b) Basis of accounting

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### c) Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the project/contract/service and extends up to the realization of receivables within the credit period normally applicable to the respective lines of business.

#### d) Revenue Recognition

The Company derives revenue from Engineering Research and Development (ER&D) services, which are a set of services provided to manufacturing, technology and process engineering companies, to help them develop and build products, processes and infrastructure required to deliver products and services to their end customers. Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Group/Company expects to receive in exchange for those services:

- a. Revenue from contracts which are on time and material basis are recognized when services are rendered, and related costs are incurred.
- b. Revenue from fixed-price contracts where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity.
- c. Revenues in excess of invoicing are classified as contract assets (unbilled revenue).
- d. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company presents revenue net of discounts, collection charges, indirect taxes and value-added taxes in its statement of profit and loss.
- e. 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 customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date as per contract.

#### e) Other income

- a. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.
- b. Dividend income is accounted in the period in which the right to receive the same is established.
- c. Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

#### f) Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and the same is disclosed in the notes to accounts.

#### g) Leases

- a. Operating leases  
Assets acquired on leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on accrual basis.

#### h) Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

(i) Non-derivative financial assets

a. Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are represented by trade receivables, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

i) **Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other deposits with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

j) **Current income taxes**

The current income tax expense includes income taxes payable by the Company.

Provision for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intend to settle the asset and liability on a net basis.

k) **Provisions, contingent liabilities and contingent assets**

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- i) The Company has a present obligation as a result of a past event;
- ii) A probable outflow of resources is expected to settle the obligation; and
- iii) The amount of the obligation can be reliably estimated

Contingent liability is disclosed in the case of

- i) A present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or
- ii) A possible obligation unless the probability of outflow of resources is remote

Contingent Liabilities as at March 31, 2021 is Nil.

Contingent assets are neither recognized nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

l) **Cash flow statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**NOTES FORMING PART OF ACCOUNTS**

	CAD
	<u>As at 31-03-2021</u>
<b>1 TRADE RECEIVABLES</b>	
Trade receivables	136,517
Receivables from related parties	-
Less: Allowances for doubtful debts	-
	<u>136,517</u>
<b>2 CASH AND CASH EQUIVALENTS</b>	
Balances with banks	3,336
	<u>3,336</u>
<b>3 OTHER CURRENT ASSETS</b>	
Unbilled revenue	55,474
	<u>55,474</u>
<b>4 SHARE CAPITAL</b>	
Issued, subscribed and paid up	6,612
	<u>6,612</u>
Total issued, subscribed and paid up capital	<u>6,612</u>
<b>5 TRADE PAYABLES</b>	
Due to related parties	32,607
Liability for revenue goods	140,496
	<u>173,103</u>
<b>6 OTHER CURRENT LIABILITIES</b>	
Other payables	6,500
	<u>6,500</u>

**CONSOLIDATED NOTES FORMING PART OF ACCOUNTS**

	CAD
	<u>Year ended 31-03-2021</u>
<b>7 REVENUE FROM OPERATIONS</b>	
Overseas	185,491
	<u>185,491</u>
<b>EXPENSE</b>	
<b>8 OTHER OPERATING EXPENSES</b>	
Subcontracting and component charges	32,267
Engineering, professional, technical and consultancy fees	140,496
Miscellaneous expenses	3,276
	<u>176,039</u>
<b>9 PROVISION FOR TAXATION</b>	
Current tax	2,552
Deferred tax	-
	<u>2,552</u>

**BOARD REPORT**

Dear Members,

The Directors have pleasure in presenting their First Board Report and Audited Accounts for the year ended March 31, 2021.

**1. FINANCIAL RESULTS:**

Particulars	2020-21
	USD
Total Income	8,519,024
Total Expenditure	6,949,069
Operating Profit / (Loss)	1,569,955
Add: Other Income	(1,711,751)
Less: Finance Costs	-
Profit / (Loss) before Tax	(141,796)
Less : Tax	(141,050)
Net Profit / (Loss) after Tax	(746)
Add: Balance b/f from previous year	(3,850,820)
Balance available for disposal which directors appropriate as follows:	(3,851,566)
Dividend	-
Transfer to Reserves	-
Balance to be carried forward	(3,851,566)

**2. CAPITAL & FINANCE:**

The Company was acquired by L&T Technology Services LLC on October 2, 2020, with a share capital of USD 25 Million. There has been no change in the share capital of the Company during the said financial year. There is no loan outstanding as on March 31, 2021.

**3. CAPITAL EXPENDITURE:**

As at March 31, 2021, the gross fixed and intangible assets including leased assets, stood at Nil and the net fixed and intangible assets, including leased assets, at Nil. Capital Expenditure during the year amounted to Nil.

**4. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

The Company has not given loan/made investment/provided guarantee or security during the year under review.

**5. STATE OF COMPANY AFFAIRS:**

The gross sales and other income for the financial year under review were USD 6,807,273. The (loss) before tax from continuing operations including extraordinary and exceptional items was USD (141,796) and the (loss) after tax from continuing operations including extraordinary and exceptional items was USD (746) for the financial year under review.

**6. AMOUNT TO BE CARRIED TO RESERVE:**

As at March 31, 2021, the Company has not transferred any amount to Reserves.

**7. DIVIDEND:**

The Directors have not declared any dividend during the period.

**8. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:**

There are no material changes affecting the financial position of the Company between the end of the Financial Year and the date of the Report.

**9. REPORTING OF FRAUDS:**

The Auditors of the Company have not reported any fraud committed against the Company by its officers or employees.

**10. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

During the year under review, there were no material and significant orders passed by the regulators or courts impacting the going concern status and the Company's operations in future.

**11. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:**

During the year under review, Mr. Rajeev Gupta, Mr. Alind Saxena and Mr. Bhanu Gopalam were appointed as the directors of the Company. The current Directors of the Company are Mr. Anuj Jain, Mr. Jairaj Hegde, Mr. Rajeev Gupta, Mr. Alind Saxena and Mr. Bhanu Gopalam.

**12. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:**

During the year under review 2 meetings were held on October 16, 2020 and January 18, 2021.

The Agenda of the Meeting is circulated to the Directors in advance.

**13. FINANCIAL STATEMENTS:**

The Financial Statements does not contain any qualification, observation or adverse comment which has/have an adverse effect on the functioning of the Company.

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

**14. AUDITORS:**

M/s KNAV P.A. are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.

**15. DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors of the Company confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

**16. ACKNOWLEDGEMENT:**

Your Directors acknowledge the invaluable support extended by the Government authorities in United States of America and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

**MR. RAJEEV GUPTA**  
*Director*

**MR. BHANU GOPALAM**  
*Director*

*Date: April 28, 2021*  
*Place: Mumbai*

*Date: April 28, 2021*  
*Place: United States of America*

## ***INDEPENDENT AUDITOR'S REPORT***

To the Board of Directors  
**Orchestra Technology, Inc.**

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of **Orchestra Technology, Inc.** ('the Company') which comprise of the balance sheet as at March 31, 2021 and the related statements of loss, stockholders' equity, cash flows for the period October 02, 2020 to March 31, 2021, and the related notes to the financial statements.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **OPINION**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Company as of March 31, 2021 and the results of its operations and its cash flows for the period October 02, 2020 to March 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

*Atlanta, Georgia*  
*April 28, 2021*

**BALANCE SHEET***(All amounts are stated in United States Dollars, unless otherwise stated)*

	<u>As at March 31, 2021</u>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	630,936
Accounts receivable, net	1,746,530
Unbilled revenue	2,701,420
Prepaid expenses	17,290
<b>Total current assets</b>	<u>5,096,176</u>
Deferred tax assets	1,789,341
<b>Total assets</b>	<u>6,885,517</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
<b>Current liabilities</b>	
Accounts payable	516,874
Other current liabilities	1,670,582
Earn-out provision (Refer note K)	1,713,882
Deferred revenue	69,118
<b>Total current liabilities</b>	<u>3,970,456</u>
<b>Stockholders' equity</b>	
Common stock (authorized 20,000,000 common shares, \$0.001 par value; issued and outstanding 4,600,000 common shares, \$0.001 par value)	4,600
Additional paid-in-capital	6,762,027
Accumulated deficit	(3,851,566)
<b>Total stockholders' equity</b>	<u>2,915,061</u>
<b>Total liabilities and stockholders' equity</b>	<u>6,885,517</u>

*(The accompanying notes are an integral part of these financial statements)*

## STATEMENT OF LOSS

*(All amounts are stated in United States Dollars, unless otherwise stated)*

	<b>For the period October 02, 2020 to March 31, 2021</b>
Service revenue	8,519,024
Less: cost of revenue	<b>(5,353,601)</b>
<b>Gross profit</b>	<b>3,165,423</b>
Selling, general and administrative expenses	<b>1,595,468</b>
<b>Total expenses</b>	<b>1,595,468</b>
<b>Operating income</b>	<b>1,569,955</b>
Other income	2,131
Earn- out expenses	<b>(1,713,882)</b>
<b>Net loss before income tax</b>	<b>(141,796)</b>
Deferred tax benefit	<b>(277,293)</b>
Current tax expense	<b>136,243</b>
<b>Net loss</b>	<b>(746)</b>

*(The accompanying notes are an integral part of these financial statements)*

**STATEMENT OF STOCKHOLDERS' EQUITY**

For the period October 02, 2020 to March 31, 2021

*(All amounts are stated in United States Dollars, except number of shares, and unless otherwise stated)*

Particulars	Common stock				Additional paid-in-capital	Accumulated deficit	Total stockholders' equity
	Authorized		Issued & outstanding				
	Shares	Value	Shares	Value			
<b>Balance as of October 02, 2020</b>	<b>20,000,000</b>	<b>20,000</b>	<b>4,600,000</b>	<b>4,600</b>	<b>45,900</b>	<b>(3,850,820)</b>	<b>(3,800,320)</b>
Additional capital infused by the parent company	–	–	–	–	6,716,127	–	6,716,127
Net loss for the period	–	–	–	–	–	(746)	(746)
<b>Balance as of March 31, 2021</b>	<b>20,000,000</b>	<b>20,000</b>	<b>4,600,000</b>	<b>4,600</b>	<b>6,762,027</b>	<b>(3,851,566)</b>	<b>2,915,061</b>

*(The accompanying notes are an integral part of these financial statements)*

**STATEMENT OF CASH FLOWS***(All amounts are stated in United States Dollars unless otherwise stated)*

	<b>For the period October 02, 2020 to March 31, 2021</b>
<b>Cash flows from operating activities</b>	
<b>Net loss</b>	(746)
<b>Adjustments to reconcile net loss to net cash used in operating activities</b>	
Deferred tax benefit	(277,293)
Allowance for doubtful debts	12,595
<b>Changes in operating assets and liabilities</b>	
Accounts receivable, net	(644,238)
Unbilled revenue	(1,407,551)
Other current assets	81,800
Accounts payable	38,249
Deferred revenue	(29,242)
Other current liabilities	(4,035,182)
Earn-out provision	1,713,882
<b>Net cash used in operating activities</b>	<b>(4,547,726)</b>
<b>Cash flow from financing activities</b>	
Repayment of term loan	(2,496,471)
Additional capital infused by the parent Company	6,716,127
<b>Net cash provided by financing activities</b>	<b>4,219,656</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(328,070)</b>
Cash and cash equivalents at the beginning of the period	959,006
<b>Cash and cash equivalents at the end of the period</b>	<b>630,936</b>
<b>Supplemental cash flow information</b>	
Interest paid	-
Income taxes paid	-

*(The accompanying notes are an integral part of these financial statements)*

## NOTES TO FINANCIAL STATEMENTS

### NOTE A - NATURE OF OPERATIONS

Orchestra Technology, Inc. ("the Company") was incorporated on June 07, 2012 in the state of Texas. The Company was formed from a plan of conversion. The converting entity was Orchestra Technology, LLC, a Texas Limited Liability Company formed on September 20, 2010. The Company is an engineering solutions company serving the Telecom sector with emphasis on Cellular, Wi-Fi and IOT service providers and original equipment manufacturers (OEMs). Its solutions are based on patented Intelli-Agent platform (IA) and help customers in accelerating the launch of new products, understanding, and improving customer satisfaction, improving operational efficiencies and quality of products. It also serves customers through a compelling suite of professional services spanning across network engineering, test and test automation, consulting, and custom software solutions.

As of October 02, 2020, the Company became a wholly owned subsidiary of L&T Technology Services LLC, a wholly owned subsidiary of L&T Technology Services Limited, a public listed Company in India.

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

#### 1. Basis of preparation

- a. The accompanying financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States ('US GAAP') to reflect the financial position, results of operation and cash flows.
- b. The financial statements are for the period October 02, 2020 to March 31, 2021. Comparative period financial statements have not been presented.
- c. All amounts are stated in United States Dollars, except as otherwise specified.

#### 2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management's estimates for realization of deferred tax assets, earn-out provision and allowance for doubtful debts at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

#### 3. Cash and cash equivalents

Cash equivalents consist of highly liquid investments with a maturity of three months or less on the date of purchase. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate per bank of \$ 250,000.

#### 4. Revenue recognition

The Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU 2014-09"), Revenue from Contracts with Customers (Topic 606) as of January 1, 2019. Please refer Note E "Revenue from contracts with customers" for further information on the Company's revenue.

The core principle of FASB Accounting Standards Codification ("ASC") 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

To achieve this core principle, the Company has applied the five-step process:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to performance obligations in the contract.
5. Recognize revenue when or as the Company satisfies a performance obligation.

The Company recognizes revenues when services are rendered to the customer for an amount, referred to as the transaction price, that reflects the consideration to which the Company is expected to be entitled in exchange for those services.

Revenues related to time-and-material contracts are recognized over the period the services are provided either using an input method such as labor hours, or a method that is otherwise consistent with the way in which value is delivered to the customer. Revenue related to fixed price contracts is recognized as and when the performance obligations mentioned in the contracts is fulfilled and approved by the customer.

#### Contract balances

The timing of revenue recognition, invoicing and cash collections results in billed receivables, contract assets and contract liabilities on the Company balance sheet. Contract assets represent sales recognized in excess of billings related to work completed but not yet billed for which revenue is recognized over time. Contract assets are recorded as unbilled receivables. Contract liabilities are customer deposits for which revenue has not been recognized. Customer deposits are recorded as other current liabilities. When invoices are raised to the customer

## NOTES TO FINANCIAL STATEMENTS (Contd.)

prior to completion of the performance obligation under the terms of a contract, a contract liability is recorded as deferred revenue. Contract liabilities are recognized as revenue after performance obligation is completed and all revenue recognition criteria have been met.

### 5. Accounts receivable and allowance for doubtful accounts

The Company follows policy of recording allowance for doubtful debts for any receivables outstanding for more than 90 days. Management also analyses composition of the accounts receivable aging, historical bad debts, current economic trends, and customer credit worthiness of each accounts receivable when evaluating the adequacy of the allowance for doubtful accounts.

### 6. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rent expenses on operating leases are charged to expense over the lease term.

### 7. Income taxes

In accordance with the provisions of FASB ASC Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the period in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized.

All deferred tax assets and liabilities, along with any related valuation allowance, are classified as non-current on the balance sheet. The Company has applied FASB ASU 2015-17 Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes, for all deferred tax assets and liabilities.

### 8. Fair value measurements and financial instruments

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

### 9. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

### NOTE C - ACCOUNTS RECEIVABLE, NET

The Company's accounts receivable primarily relate to sale of services. The Company maintains an allowance for doubtful accounts on all accounts receivable, based on present and prospective financial condition of the customer and ageing of accounts receivable after considering historical experience and the current economic environment.

	<b>As at March 31, 2021</b>
Accounts receivable	1,308,331
Less: provision for doubtful debts	(12,595)
Due from related parties	450,794
<b>Accounts receivable, net</b>	<b>1,746,530</b>
The activity in provision for doubtful debts is given below:	
	<b>March 31, 2021</b>
<b>Balance at beginning of the period</b>	<b>12,595</b>
Add: Provision for the current period	–
<b>Balance at the end of the period</b>	<b>12,595</b>

**NOTES TO FINANCIAL STATEMENTS (Contd.)****NOTE D - OTHER CURRENT LIABILITIES**

Other current liabilities comprise of:

	<b>As at March 31, 2021</b>
Accrued payroll	559,850
Accrued paid time off	142,038
Accrued expenses	831,552
Other payroll liabilities	2,828
Provision for income tax	134,314
<b>Total</b>	<b>1,670,582</b>

**NOTE E - REVENUE FROM CONTRACTS WITH CUSTOMERS**

The following table presents revenue disaggregated by source of revenue:

	<b>For the period October 02, 2020 to March 31, 2021</b>
Services	8,519,024
<b>Total</b>	<b>8,519,024</b>

The following table presents revenue disaggregated by timing of recognition:

	<b>For the period October 02, 2020 to March 31, 2021</b>
Services transferred over time	8,519,024
<b>Total</b>	<b>8,519,024</b>

**Contract balances**

The following table provides information about contract assets and liability balances as of March 31, 2021:

	<b>As at March 31, 2021</b>
Accounts receivable, net	1,746,530
Unbilled receivables (contract assets)	2,701,420
Deferred revenue (contract liabilities)	(69,118)
<b>Total</b>	<b>4,378,832</b>

**NOTE F - INCOME TAXES**

For the period ended March 31, 2021, the Company will file federal and state tax returns as per regulations applicable to Chapter C corporations in the United States.

The components of the provision for income taxes are as follows:

	<b>For the period October 02, 2020 to March 31, 2021</b>
<b>Current taxes</b>	
Federal	133,687
State	2,556
<b>Deferred taxes</b>	
Federal	(188,844)
State	(88,449)
<b>Provision for income taxes</b>	<b>(141,050)</b>

**NOTES TO FINANCIAL STATEMENTS (Contd.)**

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes are as follows:

	<b>As at March 31, 2021</b>
Income tax at federal rate	(29,096)
Permanent difference	133
Deferred tax true up	(1,408)
State deferred tax expense	(88,449)
State taxes & State RTP	2,555
Change in net operating losses (NOL's)	(24,785)
<b>Provision for income taxes</b>	<b>(141,050)</b>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows:

	<b>As at March 31, 2021</b>
<b>Non-current deferred tax assets</b>	
Accrued expenses	361,548
Net operating loss carryover	1,347,132
Credit carryforward	80,661
	<b>1,789,341</b>
<b>Net deferred taxes (non-current portion)</b>	<b>1,789,341</b>

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

Based on the analysis of positive and negative evidence, the management believes that it is more likely than not that the deferred tax assets may be realized during foreseeable future and accordingly, no valuation allowance was recognized as at March 31, 2021.

The Company has federal net operating loss carryforwards (subject to IRC 382 limitation) of \$ 6,110,893 as on March 31, 2021.

The Company has state net operating loss carryforwards of \$ 842,299 as on March 31, 2021.

Accounting for uncertain tax position

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at March 31, 2021.

The tax years of 2017 through 2019 remain subject to examination by the taxing authorities.

**NOTE G -RELATED PARTY TRANSACTIONS**

The Company has entered into related party transactions with its parent company and its ultimate parent company, L&T Technology Services LLC and L&T Technology Services Limited, respectively. Summary of the transactions with the related parties are as follows:

<b>Particulars</b>	<b>March 31, 2021</b>
<b>Transactions for the period</b>	
<b>L&amp;T Technology Services LLC</b>	
Sub-contracting revenue billed by the Company	119,998
Expense paid by the Company on behalf of the parent company	40,000
<b>L&amp;T Technology Services Limited</b>	
Sub-contracting revenue billed by the Company	311,134
Expense paid by the ultimate holding company on our behalf	20,338
<b>Balances</b>	
<b>L&amp;T Technology Services LLC</b>	
Accounts receivable	159,998
<b>L&amp;T Technology Services Limited</b>	
Accounts receivable	290,796

## NOTES TO FINANCIAL STATEMENTS (Contd.)

### NOTE H - OPERATING LEASE

The Company leases office space under an operating lease agreement that is renewable on a periodic basis at the option of both the lessor and the lessee. Rental expense under operating lease was \$ 34,722 for the period ended March 31, 2021.

Details of minimum lease payments are as follows:

	<u>March 31, 2021</u>
Not later than one year	10,553
Beyond one year	-

### NOTE I - CONCENTRATION RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents and accounts receivable. The cash resources of the Company are invested with banks after an evaluation of the credit risk. By their nature, all such cash equivalents and accounts receivable involve risk including the credit risk of non-performance by counter parties. In management's opinion, as at March 31, 2021, there was no significant risk of loss in the event of non-performance of the counter parties to these cash equivalents and accounts receivable.

The Company has six customers which account for 89% of the total accounts receivable as on March 31, 2021. Similarly, these six customers have also accounted for more than 50% of the revenue for the period.

### NOTE J - RISK AND UNCERTAINTIES

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The financial performance of the Company is subject to future developments related to the COVID-19 outbreak and possible government advisories and restrictions placed on the financial markets and business activities. The impact on financial markets and the overall economy, all of which are highly uncertain, cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, it is reasonably possible that the Company's financial position may be materially affected. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### NOTE K - EARN-OUT EXPENSES

In the month of October 2020, the Company adopted a phantom stock plan to offer participation rights in a bonus plan to erstwhile shareholders and other employees (together referred to as "participants"). The Company delivered an award agreement to each participant designating the number of Class E, Class AB, Class I and Class R phantom shares. Upon satisfaction of certain performance or service-based conditions, the Company will be required to make a payment of certain amount to the holders of the said class of shares. As of March 31, 2021, the Company believes that certain conditions as mentioned in the plan will be met and has recorded an expense of \$ 1,713,882 against the same.

### NOTE L - STOCKHOLDERS' EQUITY

#### Common stock issued

Common stock issued as at March 31, 2021 is 4,600,000 shares at \$ 0.001 par.

#### Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote. All shares issued are held by the parent company.

#### Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

### NOTE M - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 28, 2021 which is the date the financial statements were available to be issued. No other material subsequent events were noted.

**L&T Technology Services Limited**

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For Additional Information About  
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