

**Coforge SmartServe Limited (erstwhile NIIT SmartServe Limited)**  
**(CIN: U72900DL2002PLC114946)**  
**Balance Sheet**

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

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	38	32
Other intangible assets	4	0	1
Right-of-use assets	29	83	130
<b>Financial assets</b>			
(i) Investments	5(i)	536	536
(ii) Other financial assets	5(ii)	25	42
Deferred tax assets (net)	6	25	28
Other non-current assets	7	1	1
<b>Total non-current assets</b>		<b>708</b>	<b>770</b>
<b>Current assets</b>			
<b>Financial assets</b>			
(i) Trade receivables	5(iii)	227	182
(ii) Cash and cash equivalents	5(iv)	28	27
(iii) Bank balances other than (ii) above	5(v)	2	76
Other current assets	9	69	107
<b>Total current assets</b>		<b>326</b>	<b>392</b>
<b>TOTAL ASSETS</b>		<b>1,034</b>	<b>1,162</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	10	500	500
Other equity	11	345	389
<b>Total equity</b>		<b>845</b>	<b>889</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	12(i)	0	0
(ii) Lease liabilities	12(ii)	65	131
Employee benefit obligations	14	10	8
<b>Total non-current liabilities</b>		<b>75</b>	<b>139</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	12(i)	0	0
(ii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	12(iii)	0	1
Total outstanding dues of creditors other than micro enterprises and small enterprises	12(iii)	17	39
(iii) Lease liabilities	12(ii)	67	61
Income tax liabilities (Net of advance tax)	8	3	11
Employee benefit obligations	14	1	-
Other current liabilities	13	26	22
<b>Total current liabilities</b>		<b>114</b>	<b>134</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,034</b>	<b>1,162</b>

'0' represents amount is below the rounding off norm adopted by the Company.  
The accompanying notes are integral part of financial statement.

As per our report of even date.

For S.R Batliboi & Associates LLP  
Chartered Accountants  
Firm Registration No.101049W/E300004



**Yogender Seth**  
Partner  
Membership No.094524  
UDIN: 22094524AIHRVN9455  
Place : Gurugram  
Date : May 02, 2022

**Sanjeev Prasad**  
Director  
Place : Gurugram  
Date : May 02, 2022

**Ashish Arora**  
Chief Financial Officer  
Place : Greater Noida  
Date : May 02, 2022

**Ajay Kalra**  
Managing Director  
Place : Gurugram  
Date : May 02, 2022

**Barkha Sharma**  
Company Secretary  
Place : Greater Noida  
Date : May 02, 2022

**Coforge SmartServe Limited (erstwhile NIIT SmartServe Limited)**  
**(CIN: U72900DL2002PLC114946)**  
**Statement of Profit and Loss**

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

Particulars	Notes	Year ended	Year ended
		March 31, 2022	March 31, 2021
Revenue from operations	15	623	579
Other income	16	54	18
<b>Total income</b>		<b>677</b>	<b>597</b>
<b>Expenses</b>			
Employee benefit expense	17	261	231
Depreciation and amortization expense	18	69	61
Other expenses	19	93	116
Finance costs	20	16	22
<b>Total expenses</b>		<b>440</b>	<b>430</b>
<b>Profit before tax</b>		<b>237</b>	<b>167</b>
Income Tax expense:			
Current tax	21	48	42
Deferred tax	21	3	1
<b>Total tax expense</b>		<b>51</b>	<b>43</b>
<b>Profit for the year</b>		<b>186</b>	<b>124</b>
<b>Other comprehensive (loss)/income</b>			
Items that will be not be reclassified to Profit or Loss:			
Remeasurement of post - employment benefit obligations		(0)	(0)
Income tax relating to these items		0	0
<b>Other comprehensive (loss)/ income for the year, net of tax</b>		<b>(0)</b>	<b>(0)</b>
<b>Total comprehensive income for the year</b>		<b>186</b>	<b>124</b>

Earnings per equity share (of Rs.10 each) for profit from operations attributable to owners of Coforge SmartServe Limited:

Basic earnings per share	3.72	2.49
Diluted earnings per share	3.72	2.49

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**Statement of Changes in Equity**

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

**a. Equity Share Capital**

<b>Particulars</b>	<b>Number</b>	<b>Amount</b>
<b>As at April 01,2020</b>	<b>50,000,000</b>	<b>500</b>
Changes in equity share capital	-	-
<b>As at March 31,2021</b>	<b>50,000,000</b>	<b>500</b>
Changes in equity share capital	-	-
<b>As at March 31,2022</b>	<b>50,000,000</b>	<b>500</b>

**b. Other Equity**

<b>Description</b>	<b>Reserves and Surplus</b>
	<b>Retained Earnings</b>
<b>Balance at April 01, 2020</b>	<b>265</b>
Profit for the year	124
Other Comprehensive Loss	(0)
<b>Total Comprehensive Income for the year</b>	<b>389</b>
Dividend paid	-
Corporate dividend tax	-
<b>Balance at March 31, 2021</b>	<b>389</b>

<b>Description</b>	<b>Reserves and Surplus</b>
	<b>Retained Earnings</b>
<b>Balance at April 01, 2021</b>	<b>389</b>
Profit for the year	186
Other Comprehensive Loss	(0)
<b>Total Comprehensive Income for the year</b>	<b>186</b>
Dividend paid	(230)
Corporate dividend tax *	-
<b>Balance at March 31, 2022</b>	<b>345</b>

\*The Finance Act 2020 has repealed the Corporate Dividend Tax (CDT). The Company is now required to pay/distribute dividend after deducting applicable taxes

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**Coforge SmartServe Limited (erstwhile NIT SmartServe Limited)**  
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**Statement of Cash Flows**

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
<b>Cash flow from operating activities</b>		
Profit before tax	237	167
<b>Adjustment for:</b>		
Depreciation and amortisation expenses	69	61
Loss on disposal of property, plant and equipment	1	-
Gain on sale of investments	-	(1)
Unrealized gain on fair valuation of current investments	-	0
Provision for Doubtful Debts	1	0
Dividend income from financial assets	(35)	-
Interest income from financial assets at amortised cost	(1)	(6)
Unwinding of discounts - Finance Income	(2)	(2)
Unwinding of discounts - Finance cost	16	22
Unrealized foreign exchange (gain)/ loss	(2)	4
Interest and Finance charges	0	0
<b>Changes in operating assets and liabilities:</b>	<b>284</b>	<b>246</b>
(Increase)/Decrease in trade receivables	(46)	(77)
Decrease/(Increase) in other financial assets	92	495
Decrease/ (Increase) in other assets	42	(17)
(Decrease)/Increase in trade payables	(22)	13
Increase/ (Decrease) in other current liabilities	4	(2)
Increase/(Decrease) in provisions	2	(2)
<b>Cash generated from operations</b>	<b>355</b>	<b>656</b>
Income taxes paid (net)	(56)	(34)
<b>Net cash inflow from operating activities</b>	<b>298</b>	<b>622</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangibles	(38)	(40)
Proceeds from sale of property, plant and equipment	6	0
Proceeds from sale of investments in mutual funds	-	20
Dividends received	35	-
Interest received	1	6
Payment for purchase of investments in fellow subsidiary	-	(536)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>3</b>	<b>(550)</b>
<b>Cash flow from financing activities</b>		
Repayment of borrowings	(0)	(1)
Finance lease payments	(55)	(43)
Finance cost lease payment	(16)	(22)
Interest paid	(0)	(0)
Dividends paid to Company's shareholders	(230)	-
<b>Net cash (outflow) from financing activities</b>	<b>(301)</b>	<b>(66)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1</b>	<b>5</b>
Cash and cash equivalents at the beginning of the financial year	27	22
<b>Cash and cash equivalents at the end of the financial year</b>	<b>28</b>	<b>27</b>
<b>Reconciliation of cash and cash equivalents as per the cash flow statement</b>		
Cash and cash equivalents as per above comprise of the following [Note 5(iv)]		
Balances with Banks		
- in Current Accounts	28	27
- in Remittance -in-transit	0	-
<b>Balance as per statement of cash flows</b>	<b>28</b>	<b>27</b>

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**A Background**

Coforge SmartServe Limited (erstwhile NIIT Smartserve Limited) ("the Company") is a Company limited by shares, incorporated and domiciled in India. The Company delivers services around the world directly and through its network. The Company is rendering Information Technology and Information Technology enabled Services including Business Process Outsourcing to organizations in a number of sectors viz. Financial Services, Insurance, Travel, Transportation & Logistics. The Company is a wholly owned subsidiary of Coforge Limited India.

On August 17, 2020, the Shareholders of the Company have approved the proposed change in name of the Company from "NIIT Smartserve Limited" to "Coforge Smartserve Limited". The name of the Company has been changed from "NIIT Smartserve Limited" to "Coforge Smartserve Limited" w.e.f. September 02, 2020 vide certificate of incorporation pursuant to change of name issued by the Ministry of Corporate Affairs, Government of India.

**B. Basis of preparation of financial statements**

*(i) Compliance with Ind AS*

The standalone financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the standalone financial statements.

*(ii) Historical cost convention*

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) and put option liability that are measured at fair value;
- defined benefit plans - plan assets measured at fair value [Refer note 1 (p)]; and
- share-based payments [refer note 1(p)]

**C. Use of Estimates and judgements**

The preparation of financial statements in conformity with Ind AS requires the management to make estimates, assumptions and judgements that affect the reported amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income that are reported and disclosed in the financial statements. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Significant estimates and assumptions are used, but not limited to allowance for uncollectible trade and contract assets, impairment of goodwill and business combination. Actual results could differ from those estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made and represent management's best estimate.

*Impact of COVID 19 pandemic:*

The Company has evaluated the impact of the COVID-19 pandemic on various aspects of its business and operations, including (i) constraints, if any, on its ability to render services which may require reassessment of estimations of costs to complete contracts; (ii) financial condition of its customers and their ability to pay; (iii) penalties relating to breaches of service level agreements; (iv) termination or suspension of contracts by its customers; and (v) goodwill and intangible assets. In developing the assumption relating to the possible future uncertainties in the global conditions because of the pandemic, the Company, as on date of approval of these financial statements, used internal and external sources of information. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements.

*Other areas involving critical estimates and judgements are:*

The preparation of financial statements requires the use of accounting estimates which, by definition, may not equal the actual results. Management also needs to exercise judgment in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Areas involving critical estimates and judgments are:

- Estimated goodwill impairment

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit (CGUs) is less than its carrying amount. For the impairment testing, goodwill is allocated to the CGU or Companies of CGUs which benefit from the synergies of the acquisition and which represent the lowest level at which goodwill is monitored for internal management purposes. However, such cannot be larger than an operating segment as defined in Ind AS 108 Operating Segments before aggregation.

The recoverable amount of CGUs is determined based on higher of value-in use and fair value less cost to sell. Key assumptions in the cash flow projections are prepared based on current economic conditions and comprises estimated long term revenue growth rates, weighted average cost of capital and estimated operating margins.

- Impairment of trade receivables

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the expected credit loss calculation based on the Company's history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for Companyings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

- Business combination:

In accounting for business combinations, judgment is required in identifying whether an identifiable intangible asset is to be recorded separately from goodwill. Additionally, estimating the acquisition date fair value of the identifiable assets acquired (including useful life estimates), liabilities assumed, and contingent consideration assumed involves management judgment. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management. Changes in these judgments, estimates, and assumptions can materially affect the results of operations. [Refer note 1(s)].

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

**1 Significant accounting policies**

**(a) Foreign currency translation**

**(i) Functional and presentation currency**

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). For each entity, the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. Financial statements of the Company are presented in Indian Rupee (INR), which is the parent company's functional and the Company's presentation currency.

**(ii) Transactions & Balances**

All foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the monthly rate which approximately equals to exchange rate at the transaction date.

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All monetary assets and liabilities in foreign currency are restated at the end of the accounting period. Exchange difference on restatement as well as settlement of monetary items are recognized in the Statement of Profit and Loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rates.



**(b) Revenue from operations**

The Company derives revenues primarily from business Information Technology and Information Technology enabled Services including Business Process Outsourcing to organizations in a number of sectors viz. Financial Services, Insurance, Travel, Transportation & Logistics ("together called as IT enabled and BPO services"). The Company's arrangements with customers for IT enabled and BPO services are time-and-material, fixed-price, fixed capacity / fixed monthly, transaction based or multiple element contracts involving supply of hardware or software with other services.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. The Company presents revenues net of indirect taxes in its statement of Profit and loss.

In case of arrangement involving resale of third-party products or services, the Company evaluates whether the Company is the principal (i.e. report revenues on a gross basis) or agent (i.e. report revenues on a net basis). In doing so, the Company first evaluates whether the Company controls the good or service before it is transferred to the customer. If Company controls the good or service before it is transferred to the customer, the Company is the principal; if not, the Company is the agent.

In case of multiple element contracts, at contract inception, the Company assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Company applies judgement to determine whether each product or service promised to a customer is capable of being distinct, and are distinct in the context of the contract, if not, the promised products or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately, in cases where the Company is unable to determine the stand-alone selling price the Company uses third-party prices for similar deliverables or the Company uses expected cost-plus margin approach in estimating the stand-alone selling price.

*Method of revenue recognition*

Revenue on time-and material contracts are recognized over time as the related services are performed.

Revenue from fixed-price, fixed-capacity and fixed monthly contracts, where the performance obligations are satisfied over time, is recognized as per the percentage-of completion method. The performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. If the Company is not able to reasonably measure the progress of completion, revenue is recognized only to the extent of costs incurred, for which recoverability is probable. When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the statement of income in the period in which such losses become probable based on the current contract estimates as an onerous contract provision.

Revenue from transaction based contracts is recognised at the amount determined by multiplying transaction rate to actual transactions taking place during a period.

Revenue from licenses where the customer obtains a "right to use" the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognized over the access period.

*Contract balances*

Revenues in excess of invoicing are treated as contract assets while invoicing in excess of revenues are treated as contract liabilities. The Company classifies amounts due from customer as receivable or contract assets depending on whether the right to consideration is unconditional. If only the passage of time is required before payment of the consideration is due, the amount is classified as receivable. Otherwise, such amounts are classified as contract assets.

*Contract costs*

Incremental costs of obtaining a contract and costs incurred in fulfilling a contract with customer are recognised as contract costs assets and amortized over the term of the contract on a systematic basis.

*Others*

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

The Company accounts for variable considerations like, volume discounts, rebates and pricing incentives to customers and penalties as reduction of revenue on a systematic and rational basis over the period of the contract. The Company estimates an amount of such variable consideration using expected value method or the single most likely amount in a range of possible consideration depending on which method better predicts the amount of consideration to which the Company may be entitled and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

The Company assesses the timing of the transfer of goods or services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, the Company does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of finance to either the customer or us, no financing component is deemed to exist.

**(c) Income Taxes**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries (including branches) operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and branches where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and branches where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Current tax and deferred tax are recognized in statement of profit or loss, except to the extent that it relates to items recognized in Other Comprehensive Income or directly in equity. In this case, the tax is also recognized in Other Comprehensive Income or directly in equity, respectively.

Minimum Alternate Tax (MAT) paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and utilised when the Company will pay normal income tax during the specified year. Deferred tax assets on such tax credit are recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future year based on the internal projections of the Management. The net amount of tax recoverable from the taxation authority is included as part of the deferred tax assets in the financial statements.



**(d) Leases**

**The Company as a lessee**

The Company's lease asset classes primarily consist of leases for land, buildings and vehicles. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

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 includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The lease liability is initially measured at amortized cost at the present value of the future lease payments.

Lease liability and ROU asset have been separately presented in the statement of financial position and lease payments have been classified as financing cash flows.

**The Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**(e) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdraft.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

**(f) Inventories**

Inventories represent items of traded goods that are specific to execute composite contracts of software services and IT infrastructure management services and also include finished goods which are interchangeable and not specific to any project. Inventory is carried at the lower of cost or net realizable value. The net realizable value is determined with reference to selling price of goods less the estimated cost necessary to make the sale. Cost of goods that are procured for specific projects is assigned by specific identification of their individual costs. Cost of goods which are interchangeable and not specific to any project is determined using weighted average cost formula.

There was no inventory as on 31 March 2022 and 31 March 2021.

**(g) Investments and other financial assets**

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

**(i) Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

**(ii) Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- ▶ Debt instruments at amortised cost
- ▶ Debt instruments at fair value through other comprehensive income (FVTOCI)
- ▶ Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- ▶ Equity instruments measured at fair value through other comprehensive income (FVTOCI)

**(i) Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost: A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
  - b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
- This category is the most relevant to the entity. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Fair value through other comprehensive income (FVOCI): A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
  - b) The asset's contractual cash flows represent SPPI.
- Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Fair value through profit or loss: FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency, however no such designation has been made. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**(ii) Equity instruments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The entity makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the entity decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the entity may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.



**(iii) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of an entity of similar financial assets) is primarily derecognised (i.e. removed from the entity's balance sheet) when:

- ▶ The rights to receive cash flows from the asset have expired, or
- ▶ The entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the entity has transferred substantially all the risks and rewards of the asset, or (b) the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the entity continues to recognise the transferred asset to the extent of the entity's continuing involvement. In that case, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

**(iv) Impairment of financial assets**

In accordance with Ind AS 109, the entity applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Trade receivables, unbilled revenue/ contract assets or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115,
- c) Financial assets that are debt instruments and measured as at FVTOCI

The entity follows 'simplified approach' for recognition of impairment loss allowance on:

- ▶ Trade receivables or contract revenue receivables; and
- ▶ The application of simplified approach does not require the entity to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL is the difference between all contractual cash flows that are due to the entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- ▶ All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

As a practical expedient, the entity uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables and contract assets. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for contractual revenue receivables (ECL) is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the entity does not reduce impairment allowance from the gross carrying amount.

**(h) Financial liabilities**

**(i) Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables plus directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

**(ii) Subsequent measurement**

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

**Derecognition**

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

**(i) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**(j) Other Income**

**Interest income**

Interest income is recognized using effective interest rate method taking into account the amount outstanding and the rate of Interest applicable (refer policy to investment and other financial assets).

**Dividends**

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**(k) Derivatives and hedging activities**

The Company uses derivative financial instruments viz. forward currency contracts to hedge its exposure to foreign currency risk in forecast transactions and firm commitments. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss.





#### Cash flow hedges

For the purpose of hedge accounting, cash flow hedges are designated when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI and accumulated in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the forecast sale occurs.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to statement of profit and loss.

#### (l) Property, plant and equipment

Freehold land is carried at historical cost less impairment losses, if any. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation less impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Such cost also includes the cost of replacing part of the plant and equipment if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/expenses as applicable.

The cost of assets not ready for used before balance sheet date are disclosed under capital work in progress. Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

#### Depreciation methods, estimated useful lives and residual value

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets. The estimates of useful lives of the assets are as follows:

Asset	Useful life
Buildings	60 years
Plant and Machinery:	
Computers and peripherals	2-5 years
Office Equipment	5 years
Other assets	3-15 years
Furniture and Fixtures	4-10 years
Leasehold improvements	3 years or lease period whichever is lower
Vehicles	8 years

The asset's residual values and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

#### (m) Intangible assets

##### (i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity / operations include the carrying amount of goodwill relating to the entity / operations sold.

Goodwill is allocated to Cash-Generating Units (CGU) or Company of CGUs for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The CGU are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the acquired business / operations. In case the acquired business/operations are spread across multiple operating segments, the Goodwill as well as other assets of the CGU are further allocated to ensure that goodwill impairment testing does not cross limits of an operating segments.

##### (ii) Brand, Customer Relationships and other rights

Separately acquired patents and copyrights are shown at historical cost. Non-Compete, Brand and Customer relationship acquired in a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses.

##### (iii) Computer software

Costs associated with maintaining software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- There is an ability to use or sell the software
- It can be demonstrated how the software will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.

During the period of development, the asset is tested for impairment annually. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is available for use.

The external computer software acquired separately are measured on initial recognition at cost. After initial recognition/ capitalisation, all software are carried at cost less accumulated amortization and impairment losses, if any.

##### (iv) Research and development

Research expenditure and development expenditure that do not meet the criteria in (iii) above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

##### (v) Amortization methods and periods

The Company amortizes intangible assets with a finite useful life using the straight-line method over the following periods:

Patents, copyright and other rights	5 years
Computer software - external	3 years
Non - compete fees	5-6 years
Brand	10 years
Customer Contract/ Relationships	5-10 years

Project specific software are amortized over the project duration. The asset's residual values and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.



**(vi) Impairment of non-financial assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. For other non-financial assets, including property, plant and equipment, ROU assets and intangible assets having finite useful lives, the Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal or value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss under the head depreciation and amortisation expense.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount.

**(n) Borrowing Costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time, that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. The Company has not capitalised any material borrowing costs.

Other borrowing costs are expensed in the period in which they are incurred.

**(o) Provisions and contingent liabilities**

Provisions for legal claims and service warranties are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement (recognised only if realisation is virtually certain). If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting the future obligations under the contract. The provision is measured at present value of the lower of the expected cost of termination of the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with the contract to the statement of profit and loss.

Contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised; however, their existence is disclosed in the financial statements.

**(p) Employee benefit obligations**

**(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**(ii) Other long-term employee benefit obligations**

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields on government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements comprising of as a result of experience adjustments and changes in actuarial assumptions are recognised immediately in the statement of profit and loss in the period in which they occur.

**(iii) Post-employment obligations**

**Defined benefit plans:**

**Provident Fund**

Employees' Provident Fund contributions are made to a Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year. The contributions made to the trust are recognised as plan assets. The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. If the interest earnings and cumulative surplus of Trust are less than the present value of the defined benefit obligation the interest shortfall is provided for as additional liability of employer and charged to the statement of profit and loss.

**Gratuity**

Gratuity is a post employment defined benefit plan. The liability recognized in the Balance Sheet in respect of gratuity is the present value of the defined benefit obligation at the Balance Sheet date less fair value of plan assets. The Company's liability is actuarially determined (using the projected unit credit method) at the end of each year. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Past service costs are recognised in profit or loss on the earlier of:

- ▶ The date of the plan amendment or curtailment, and
- ▶ The date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- ▶ Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- ▶ Net interest expense or income.

**Defined contribution plan:**

**Superannuation**

The Company makes defined contribution to a Trust established for this purpose. The Company has no further obligation beyond its monthly contributions. The Company's contribution towards Superannuation Fund is charged to Statement of Profit and Loss on accrual basis.

**Overseas Employees**

In respect of employees of the overseas branches where ever applicable, the Company makes defined contributions on a monthly basis towards the retirement saving plan which are charged to the Statement of Profit and Loss on accrual basis.



**(iv) Share-based payments**

Share-based compensation benefits are provided to employees via the Coforge Employee Stock Option Plan 2005 (formerly NIIT Technologies Employee Stock Option Plan 2005)

*Equity settled employee stock options*

The fair value of options granted under Employee Stock Option Plan is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time)

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

**(q) Dividends**

Dividend to shareholders is recognised as a liability and deducted from equity, in the year / period in which the dividends are approved by the shareholders.

**(r) Earnings per share**

*Basic earnings per share*

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company
- By weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**(s) Business combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

*Liability for non-controlling interests*

Liability for put option issued to non-controlling interests which do not grant present access to ownership interest to the Company is recognised at present value of the redemption amount and is reclassified from equity. At the end of each reporting period, the non-controlling interests subject to put option is derecognised and the difference between the amount derecognised and present value of the redemption amount, which is recorded as a financial liability, is accounted for as an equity transaction.

**(t) Non-current assets held for sale**

The Company classifies non-current assets and disposal Companies as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal Companies classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal Company), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal Company is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

**(u) Fair value measurements**

The Company measures financial instruments, such as investment in mutual funds and derivatives, at fair value at each balance sheet date. The Company also measures assets and liabilities

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

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

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

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, management regularly reviews significant unobservable inputs applied in the valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

**(v) Current versus non-current classification**

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

An asset is treated as current when it is:

Expected to be realised or intended to be sold or consumed in normal operating cycle

Held primarily for the purpose of trading

Expected to be realised within twelve months after the reporting period, or

Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

It is expected to be settled in normal operating cycle

It is held primarily for the purpose of trading

It is due to be settled within twelve months after the reporting period, or

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

The Company classifies all other liabilities as non-current.

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

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



**Recent Pronouncements**

**New and amended standards adopted by the group**

The Company has applied the following amendments to Ind AS for the first time for their annual reporting period commencing 1 April 2021.

- Extension of COVID-19 related concessions – amendments to Ind AS 116
- Interest rate benchmark reform – amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

• Conceptual framework for financial reporting under Ind AS issued by ICAI

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**New amendments issued but not effective**

The Ministry of Corporate Affairs has vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1 April 2022. These amendments are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

**(w) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions, unless otherwise stated.

**2 Recent Accounting Pronouncements**

**New and amended standards adopted by the group**

The group has applied the following amendments to Ind AS for the first time for their annual reporting period commencing 1 April 2021:

- Extension of COVID-19 related concessions – amendments to Ind AS 116
- Interest rate benchmark reform – amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

• Conceptual framework for financial reporting under Ind AS issued by ICAI

• Ind AS 103 Business combination

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**New amendments issued but not effective**

**Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37**

The amendments to Ind AS 37 specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

**Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16**

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. The amendments are not expected to have a material impact on the Group.





**Coforge SmartServe Limited (erstwhile NIT SmartServe Limited)**  
**(CIN: U72900DL2002PLC114946)**  
**Notes to the Financial Statements for the year ended March 31, 2022**

**4 Intangible Assets**

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

Year Ended March 31,2021	Other Intangible Assets	
	Software-External	
	INR	
<b>Gross carrying amount</b>		
Opening gross carrying amount at at April 01, 2020		141
Additions		10
Disposals		(128)
<b>Closing gross carrying amount</b>		<b>23</b>
<b>Accumulated amortization and impairment</b>		
Opening accumulated amortization		141
Amortization charge for the year		10
Disposals		(128)
<b>Closing accumulated amortization</b>		<b>23</b>
<b>Closing net carrying amount</b>		<b>1</b>

Year Ended March 31, 2022	Other Intangible Assets	
	Software-External	
	INR	
<b>Gross carrying amount</b>		
Opening gross carrying amount at at April 01, 2021		23
Additions		9
Disposals		(29)
<b>Closing gross carrying amount</b>		<b>4</b>
<b>Accumulated amortization and impairment</b>		
Opening accumulated amortization		23
Amortization charge for the year		10
Disposals		(29)
<b>Closing accumulated amortization</b>		<b>4</b>
<b>Closing net carrying amount</b>		<b>0</b>

'0' represents amount is below the rounding off norm adopted by the Company.



5 Financial Assets

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

5 (i) Non-current investments	March 31, 2022		March 31, 2021	
	Current	Non-Current	Current	Non-Current
<b>Investments in equity instruments (fully paid) at Fair Value through OCI</b>				
Unquoted				
43,180 shares (Previous Year: 43,180 shares) Common shares in Coforge SF Private Limited (erstwhile Wisdworks IT Consulting Private Limited) (Refer note 25)		536		536
<b>Total equity instruments</b>		<b>536</b>		<b>536</b>
<b>Total Non- Current Investments</b>				
Aggregate amount of unquoted investments		536		536
Aggregate amount of impairment in the value of investments				

Coforge SmartServe Limited (erstwhile NIIT SmartServe Limited) (a WOS of Coforge Limited) and Coforge Limited (erstwhile NIIT Technologies Limited) signed an amendment agreement with promoters of Coforge SF Private Limited (erstwhile Wisdworks IT Consulting Private Limited) in June 2020 for acquisition of second tranche shares of Coforge SF Private Limited (erstwhile Wisdworks IT Consulting Pvt.Ltd.), wherein 43,180 shares were acquired by Coforge SmartServe Limited equivalent to 16.50% of the total paid up capital of Coforge SF Private Limited (erstwhile Wisdworks IT Consulting Pvt.Ltd.) in FY21. The balance 12,306 equity shares were acquired by Coforge Limited as per the said Amendment agreement.

5 (ii) Other Financial Assets	March 31, 2022		March 31, 2021	
	Current	Non-Current	Current	Non-Current
Security deposits				
-Considered Good	-	22	-	20
-Considered doubtful	-		-	
Less : Provision for doubtful security deposits	-	22	-	20
Net Security Deposits	-		-	20
Long term deposits with bank with maturity period more than 12 months [Refer Note (a) below]		3		22
<b>Total other financial assets</b>		<b>25</b>		<b>42</b>

(a) Held as margin money by bank against bank guarantees as at March 31, 2022 - Rs.3mn (March 31, 2021 - Rs.21mn)

5 (iii) Trade receivables	March 31, 2022		March 31, 2021	
	Current	Non-Current	Current	Non-Current
Trade receivables	27	-	19	-
Receivables from related parties [Refer Note 25]	201	-	163	-
Less: Allowance for doubtful debts [Refer Note 1(c)]	(1)	-	(0)	-
<b>Total receivables</b>	<b>227</b>		<b>182</b>	
<b>Break-up of security details</b>				
Trade receivables considered good - Secured	-	-	-	-
Trade receivables considered good - Unsecured	227	-	182	-
Allowance for doubtful debts	1	-	0	-
<b>Total trade receivables</b>	<b>227</b>		<b>182</b>	

Particulars	Outstanding for following periods from the due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables - considered good	221	6	1	0	-	228
Less: Allowance for doubtful debts	-	-	(1)	(0)	-	(1)
<b>Total</b>	<b>221</b>	<b>6</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>227</b>

Particulars	Outstanding for following periods from the due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables - considered good	182	-	0	-	-	182
Less: Allowance for doubtful debts	-	-	0	-	-	0
<b>Total</b>	<b>182</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>182</b>

5 (iv) Cash and cash equivalents	March 31, 2022		March 31, 2021	
	Current	Non-Current	Current	Non-Current
Balances with Banks				
- in Current Accounts		28		27
- in Remittance in-transit		0		0
<b>Total cash and cash equivalents</b>		<b>28</b>		<b>27</b>

Reconciliation of liabilities whose cash flow movements are disclosed as part of financing activities in the statement of cash flows:

Particulars	As at April 01, 2021	Cash Flow during the year			Finance Charges Accrued	Others	As at March 31, 2022
		Proceeds	Payment	Net Cash Flows			
Long term borrowings (including Current Maturities of long term debt)	0	-	(0)	(0)	-	-	0
Dividend Payable (including Corporate Dividend Tax)	-	-	(230)	(230)	-	-	(230)
Interest on borrowings	-	-	-	-	-	-	-
Lease liability (Refer Note 29)	192	-	(71)	(71)	16	(6)	132
	<b>193</b>	<b>-</b>	<b>(301)</b>	<b>(301)</b>	<b>16</b>	<b>(6)</b>	<b>(98)</b>

Particulars	As at April 01, 2020	Cash Flow during the year			Finance Charges Accrued	Others	As at March 31, 2021
		Proceeds	Payment	Net Cash Flows			
Long term borrowings (including Current Maturities of long term debt)	2	-	(1)	(1)	-	-	0
Dividend Payable (including Corporate Dividend Tax)	-	-	-	-	-	-	-
Interest on borrowings	-	-	-	-	-	-	-
Lease liability (Refer Note 29)	238	-	(65)	(65)	21	(2)	192
	<b>240</b>	<b>-</b>	<b>(66)</b>	<b>(66)</b>	<b>21</b>	<b>(2)</b>	<b>193</b>

'0' represents amount is below the rounding off norm adopted by the Company.

5 (v) Bank Balances other than (iv) above	March 31, 2022		March 31, 2021	
	Current	Non-Current	Current	Non-Current
Deposits with maturity more than 3 months but less than 12 months [Refer Note (a) below]		2		76
<b>Total Bank Balances other than (iv) above</b>		<b>2</b>		<b>76</b>

(a) Held as margin money by bank against bank guarantees as at March 31, 2022 - Rs.Nil (March 31, 2021 - Rs.Nil)



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

6	Deferred tax assets (Net)	March 31, 2022	March 31, 2021
	The balance comprise temporary differences attributable to:		
	Provisions	3	3
	Defined benefit obligations	3	2
	Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation.	5	6
	Other items Ind AS	14	17
	Allowance for doubtful debts and advances	0	0
	Other Comprehensive Income - Tax Impact	0	0
	<b>Gross deferred tax assets (A)</b>	<b>25</b>	<b>28</b>
	Deferred tax liabilities on fair value gain on mutual funds	-	-
	<b>Gross deferred tax liabilities (B)</b>	<b>-</b>	<b>-</b>
	<b>Net Deferred tax assets (A-B)</b>	<b>25</b>	<b>28</b>

'0' represents amount is below the rounding off norm adopted by the Company.

**Movement in deferred tax assets**

	Fixed Assets	Employee Benefits	Provisions	Other Items Ind AS	Total
<b>At April 01, 2020</b>	6	3	4	16	29
Transition of Ind AS 116 (charged)/credited:					
- to profit or loss	(0)	(1)	(1)	1	(1)
<b>At March 31, 2021</b>	<b>6</b>	<b>2</b>	<b>3</b>	<b>17</b>	<b>28</b>
(charged)/credited:					
- to profit or loss	(1)	1	0	(3)	(3)
<b>At March 31, 2022</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>14</b>	<b>25</b>

'0' represents amount is below the rounding off norm adopted by the Company.

7	Other non current assets	March 31, 2022	March 31, 2021
	Contract cost (Refer note (a) below)	1	1
	<b>Total other non-current assets</b>	<b>1</b>	<b>1</b>

8	Current tax assets	March 31, 2022	March 31, 2021
	Advance Income Tax	248	236
	Less: Provision for income tax	202	205
	Less: Tax expense for the year	48	42
	<b>Total current tax assets</b>	<b>(3)</b>	<b>(11)</b>

'0' represents amount is below the rounding off norm adopted by the Company.

9	Other current assets	March 31, 2022	March 31, 2021
	Prepayments	3	7
	Deferred Contract cost (Refer Note (a) below)	1	1
	Service Tax - Input Credit	5	5
	Goods and Service Tax - Input Credit	59	92
	Other loans and advances	1	2
	<b>Total other current assets</b>	<b>69</b>	<b>107</b>

(a) Contract costs include Rs. NIL as incremental cost of obtaining a contract.

Other production expense, under other expenses include amortisation of contract costs amounting to Rs. 1Mn. There is no impairment loss recognised during the current or previous year.

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10 Share Capital

Authorized equity share capital

	Number of shares	Amount
As at April 01, 2020	50,000,000	500
Increase during the year	-	-
As at March 31, 2021	50,000,000	500
Increase during the year	-	-
As at March 31, 2022	50,000,000	500

(i) Movements in equity share capital

	Number of shares	Amount
As at April 01, 2020	50,000,000	500
Increase during the year	-	-
As at March 31, 2021	50,000,000	500
Increase during the year	-	-
As at March 31, 2022	50,000,000	500

(ii) Terms and rights attached to equity shares

The Company has one class of equity shares having a par value of Rs.10 per share. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

Name of Shareholder	Equity Shares of Rs. 10 each fully paid			
	March 31, 2022		March 31, 2021	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Coforge Limited, Holding company	50,000,000	100.00%	50,000,000	100.00%

11 Other Equity

	March 31, 2022	March 31, 2021
Retained earnings	345	389
<b>Total reserve and surplus</b>	<b>345</b>	<b>389</b>

(i) Retained Earnings

	March 31, 2022	March 31, 2021
Opening balance	389	265
Net profit for the period	186	124
Add: Remeasurement gains on defined benefit plans	(0)	(0)
Less: Appropriations with Effect of adoption of Ind AS 116 Leases	-	-
Dividends paid	(230)	-
<b>Closing balance</b>	<b>345</b>	<b>389</b>

'0' represents amount is below the rounding off norm adopted by the Company.

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12 Financial liabilities

(i) Borrowings

	March 31, 2022		March 31, 2021	
	Current	Non-Current	Current	Non-Current
<b>Secured Loans</b>				
<b>Term loans</b>				
From Financial Institutions	0	-	0	0
<b>Total Borrowings</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>

'0' represents amount is below the rounding off norm adopted by the Company.

(a) Term loans from Financial Institution are secured by way of hypothecation of the vehicles financed. The loan amounts along with interest are payable over the period of 3 to 5 years (equal monthly instalments) from the date of sanction of loan. The interest rate on above loans are within the range of 9.14% to 9.25%.

(b) The carrying amount of assets pledged as security for current and non-current borrowings are disclosed in Note 3.

(ii) Lease liabilities

	March 31, 2022	March 31, 2021
<b>Non- Current</b>		
Lease liability [Refer Note 29]	65	131
<b>Total non-current lease liabilities</b>	<b>65</b>	<b>131</b>
<b>Current</b>		
Lease liability [Refer Note 29]	67	61
<b>Total current lease liabilities</b>	<b>67</b>	<b>61</b>

(iii) Trade payables

	March 31, 2022	March 31, 2021
<b>Current</b>		
Trade Payables		
Total outstanding dues of micro enterprises and small enterprises	0	1
Total outstanding dues of creditors other than micro enterprises and small enterprises	14	37
Trade Payables to related parties	3	2
<b>Total trade payables</b>	<b>18</b>	<b>40</b>

Trade payables ageing schedule as at March 31, 2022

Particulars	Outstanding for following periods from due date of payments				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	0	-	-	-	0
Others	17	(0)	(0)	0	17
<b>Total</b>	<b>17</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>18</b>

Trade payables ageing schedule as at March 31, 2021

Particulars	Outstanding for following periods from due date of payments				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	1	-	-	-	1
Others	39	-	-	0	39
<b>Total</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>40</b>

'0' represents amount is below the rounding off norm adopted by the Company.

There are no overdue amount outstanding on Micro Enterprises & Small Enterprises as on March 31, 2022 and March 31, 2021. There is no interest due or outstanding on the same. This information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

13 Other current liabilities

	March 31, 2022	March 31, 2021
Employee benefits payable	10	7
Statutory dues including provident fund and Tax Deducted at Source	16	15
<b>Total other current liabilities</b>	<b>26</b>	<b>22</b>

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14 Employee benefit obligations

(All amounts in ₹Lakhs, unless otherwise stated)

	March 31, 2022			March 31, 2021		
	Current	Non Current	Total	Current	Non Current	Total
Leave Obligations (i)	1	3	4	-	3	3
Gratuity (ii)	-	7	7	-	5	5
	1	10	11	-	8	8

'0' represents amount is below the rounding off norm adopted by the Company.

(i) Leave Obligations

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the balance sheet date. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

	March 31, 2022	March 31, 2021
Current leave obligations expected to be settled within next 12 months	1	-

(ii) Gratuity

The company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied by the number of years of completed service.

The gratuity plan is a funded plan and the company makes contributions to recognized funds in India.

Gratuity

Changes in the defined benefit obligation and fair value of plan assets:-

	Present Value of Obligation	Fair Value of Plan Assets	Net Amount
<b>April 01, 2020</b>	11	6	5
Adjustment to Opening Fair value	-	1	(1)
Current Service Cost	2	-	2
Interest expense/ (income)	0	0	0
<b>Total amount recognized in profit or loss</b>	2	1	1
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	0	(0)
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	0	-	0
Experience Adjustments	(1)	-	(1)
<b>Total amount recognized in other comprehensive income</b>	(1)	0	(1)
Employer's Contributions	-	0	(0)
Benefit payments	(2)	-	(2)
<b>March 31, 2021</b>	10	7	3
<b>April 01, 2021</b>	10	7	3
Adjustment to Opening Fair value	-	(0)	0
Current Service Cost	2	-	2
Interest expense/ (income)	1	0	1
<b>Total amount recognized in profit or loss</b>	2	0	3
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0)	0
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	(0)	-	(0)
Experience Adjustments	1	-	1
<b>Total amount recognized in other comprehensive income</b>	0	(0)	0
Employer's Contributions	-	1	(1)
Benefit payments	(1)	(1)	-
<b>March 31, 2022</b>	11	7	4

'0' represents amount is below the rounding off norm adopted by the Company.

The net liability disclosed above relates to funded and unfunded plans as follows:

	March 31, 2022	March 31, 2021
Present value of funded obligations	11	10
Fair value of plan assets	(7)	(7)
<b>Net defined benefit obligations</b>	4	3
Unfunded plans	-	-
<b>Surplus/ (Deficit) of gratuity plan</b>	4	3

(iii) Post employment benefits (Gratuity)

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	March 31, 2022	March 31, 2021
Discount rate	7.15% p.a.	6.88% p.a.
Future Salary increase	7% for next 3 years, and 5% thereafter	7% for next 3 years, and 5% thereafter
Life expectancy	11.04 Years	11.32 Years
Rate of return on plan assets	7.15% p.a.	6.88% p.a.

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**Coforge SmartServe Limited (erstwhile NIIT SmartServe Limited)**  
**(CIN: U72900DL2002PLC114946)**  
**Notes to the Financial Statements for the year ended March 31, 2022**

(iv) *Sensitivity analysis*

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumptions		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	March 31,2022	March 31,2021	March 31,2022	March 31,2021	March 31,2022	March 31,2021
Discount rate	50 Basis Points	50 Basis Points	(1)	(1)	1	1
Salary growth rate	50 Basis Points	50 Basis Points	1	1	(1)	(1)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(v) The major categories of plan assets are as follows:

	March 31,2022			March 31,2021		
	Unquoted	Total	in %	Unquoted	Total	in %
Insurance Company Products	7	7	100%	7	7	100%

(vi) Maturity profile of defined benefit obligations:

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

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
March 31,2022	1	1	3	8	13
March 31,2021	1	1	3	6	11
<b>Total</b>					

(vii) *Defined contribution plans*

The Company makes contribution towards Superannuation Fund, Pension Fund and Employee State Insurance Fund being defined contribution plans for eligible employees. The Company has charged the following amount in the Statement of Profit and Loss:

Amount recognized in the Statement of Profit and Loss	March 31,2022	March 31,2021
Superannuation fund paid to the Trust	0	0
Employees state insurance fund paid to the authorities	2	2
Pension fund paid to the authorities	6	6
	<b>8</b>	<b>8</b>

'0' represents amount is below the rounding off norm adopted by the Company.

(viii) *Defined benefit plans*

Employees Provident Fund contributions are made to a Trust administered by the Holding company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year. Actuarial losses/ gains are recognized in the Statement of Profit and Loss in the year in which they arise. The contributions made to the trust are recognized as plan assets. The defined benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

The Company contributed Rs. 4Mn (March 31,2021 Rs.4Mn) during the year to the Trust, which has been charged to Statement of Profit and Loss.

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

	March 31,2022	March 31,2021
<b>15 Revenue from operations</b>		
Sale of services	623	579
<b>Total revenue from continuing operations</b>	<b>623</b>	<b>579</b>

<b>Timing of revenue recognition</b>		
Services transferred over time	623	579
<b>Total revenue from contracts with customers</b>	<b>623</b>	<b>579</b>

**Disclosures related to revenue from contract with customers**

**Disaggregate revenue information**

The table below presents disaggregated revenues from contracts with customers by geography.

<b>Geography</b>	<b>March 31,2022</b>	<b>March 31,2021</b>
Americas	434	403
India	2	14
Europe, Middle East and Africa	187	162
<b>Grand Total</b>	<b>623</b>	<b>579</b>

**Performance obligations and remaining performance obligations**

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in IndAS115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis, fixed monthly / fixed capacity basis and transaction basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, and adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2022, other than those meeting the exclusion criteria mentioned above, is Rs. Nil. Out of this, the Company expects to recognize revenue of around Rs. Nil within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

	March 31,2022	March 31,2021
<b>16 Other income</b>		
Dividend Income from affiliates	35	-
Interest income from financial assets at amortized cost	2	8
Income on Financial investments at Fair value through Profit and Loss		
Mutual Funds	-	0
Gain on exchange fluctuations (net )	5	-
Miscellaneous income	12	10
<b>Total other income</b>	<b>54</b>	<b>18</b>

	March 31,2022	March 31,2021
<b>17 Employee benefits expense</b>		
Salaries, wages and bonus	242	215
Contribution to provident and other funds	12	12
Gratuity (Refer Note 14)	2	1
Staff welfare and recruitment expenses	5	4
<b>Total employee benefit expense</b>	<b>261</b>	<b>231</b>

	March 31,2022	March 31,2021
<b>18 Depreciation and amortization expense</b>		
Depreciation of property, plant and equipment [Refer Note 3]	17	7
Depreciation of right of use assets [Refer note - 30]	42	44
Amortization of intangible assets [Refer Note 4]	10	10
<b>Total depreciation and amortization expense</b>	<b>69</b>	<b>61</b>

	March 31,2022	March 31,2021
<b>19 Other expenses</b>		
Rental charges (Refer Note 30)	(0)	(0)
Rates and taxes	1	3
Electricity and water charges	7	7
Telephone and communication charges	4	5
Legal and professional fees	16	10
Travelling and conveyance	29	44
Repairs and maintenance		
Plant and machinery	4	6
Others	9	11
Loss on exchange fluctuations (net)	-	3
Payment to auditors [Refer note 19(a) below]	1	1
Other production expenses	3	12
Security and administration charges	11	10
Corporate Social Responsibility expenditure [Refer note 19 (b) below]	3	2
Miscellaneous expenses	5	3
<b>Total other expenses</b>	<b>93</b>	<b>116</b>

'0' represents amount is below the rounding off norm adopted by the Company.



**Coforge SmartServe Limited (erstwhile NIIT SmartServe Limited)**

(CIN: U72900DL2002PLC114946)

Notes to the Financial Statements for the year ended March 31, 2022

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

		March 31,2022	March 31,2021
19 (a)	<b>Details of payments to auditors</b>		
	<b>Payments to auditors (excluding tax)</b>		
	<b>As auditor:</b>		
	Audit Fee	1	1
	Tax audit Fee	0	0
	<b>In other capacities:</b>		
	Re-imbusement of expenses	0	0
	<b>Total payments to auditors</b>	<b>1</b>	<b>1</b>

'o' represents amount is below the rounding off norm adopted by the Company.

		March 31,2022	March 31,2021
19 (b)	<b>Corporate social responsibility expenditure</b>		
	Contribution to NIIT Institute of Information Technology	2	1
	Contribution to Government Schools / Others	1	1
	<b>Total</b>	<b>3</b>	<b>2</b>
	Amount required to be spent by the Company during the year	3	2
	Amount spent during the year on:		
	(i) Construction/ acquisition of an asset	-	-
	(ii) On purpose other than (i) above	3	2
	(iii) Shortfall at the end of the year	-	-
	(iv) Total of previous years shortfall	-	-
	(v) Reason for shortfall	NA	NA
	(vi) Nature of CSR activities	Education & Animal Welfare	Education & Animal Welfare
	(vii) Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard	-	-
	(viii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	-	-

20	<b>Finance costs</b>		
	Interest and finance charges on financial liabilities not at fair value through profit or loss:		
	<b>On term loans from Bank / Financial Institution</b>	0	0
	Bank and financial charges	0	0
	Finance costs on Lease Rent	16	22
	<b>Finance costs expensed in profit or loss</b>	<b>16</b>	<b>22</b>

'o' represents amount is below the rounding off norm adopted by the Company.

21 **Income tax expense**  
This note provides an analysis of the company's income tax expense, show amounts that are recognized directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the company's tax positions.

		March 31,2022	March 31,2021
(a)	<b>Income tax expense</b>		
	<i>Current tax</i>		
	Current tax on operating profits of the year	49	42
	Adjustments for current tax of prior periods	(1)	0
	<b>Total current tax expense</b>	<b>48</b>	<b>42</b>
	<i>Deferred tax</i>		
	Decrease (increase) in deferred tax assets		-
	(Decrease)/ increase in deferred tax liabilities	3	1
	<b>Total deferred tax expense/(benefit)</b>	<b>3</b>	<b>1</b>
	<b>Income tax expense</b>	<b>51</b>	<b>43</b>

Note: Refer Note 6 for Deferred tax movement

(b)	<b>Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>		
	Profit from continuing operations before income tax expense	237	167
	Profit from other comprehensive income before income tax expense	-	-
	Profit from discontinuing operation before income tax expense	-	-
	<b>Tax at the Indian tax rate of 25.168% (25.168% in March 2021)</b>	<b>60</b>	<b>42</b>
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Deduction u/s 80M	(9)	-
	Disallowance of Interest on Income Tax	-	1
	Adjustments on taxes for prior periods	(0)	0
	Changes in tax rates (Capital gain on mutual fund)	1	(0)
	<b>Income tax expense</b>	<b>51</b>	<b>43</b>

'o' represents amount is below the rounding off norm adopted by the Company.



22 Fair value measurements

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

Financial instruments by category

	March 31, 2022				
	FVPL	FVTOCI	Amortized Cost	Carrying Amount	Fair Value
<b>Financial assets</b>					
Investments in unquoted equity instruments	-	-	536	536	536
Long term deposits with bank with maturity period more than 12 months	-	-	3	3	3
Security deposits	-	-	22	22	22
<b>Total Financial assets</b>	-	-	<b>561</b>	<b>561</b>	<b>561</b>
<b>Financial liabilities</b>					
Borrowings	-	-	-	-	-
Lease liabilities	-	-	65	65	65
<b>Total Financial liabilities</b>	-	-	<b>65</b>	<b>65</b>	<b>65</b>

	March 31, 2021				
	FVPL	FVTOCI	Amortized Cost	Carrying Amount	Fair Value
<b>Financial assets</b>					
Investments in unquoted equity instruments	-	-	536	536	536
Long term deposits with bank with maturity period more than 12 months	-	-	22	22	22
Security deposits	-	-	20	20	20
<b>Total Financial assets</b>	-	-	<b>578</b>	<b>578</b>	<b>578</b>
<b>Financial liabilities</b>					
Borrowings	-	-	0	0	0
Lease liabilities	-	-	131	131	131
<b>Total Financial liabilities</b>	-	-	<b>131</b>	<b>131</b>	<b>131</b>

"0" represents amount is below the rounding off norm adopted by the Company.

The carrying amounts of trade receivables, capital creditors, unbilled revenue, Security deposits, unpaid dividend account, Long term deposits with bank, cash and cash equivalents, Borrowings, Trade and other payables, unclaimed dividend are considered to be the same as their fair values, due to their short term nature.

Investments in equity instruments (Unquoted) are carried at cost

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The fair values for security deposits were calculated based on cash flows discounted using a current lending rate.

(i) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(This space has been intentionally left blank)



### 23 Financial risk management

The Company's principal financial liabilities, comprise of loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Company also hold investments measured at fair value through profit or loss (FVTPL).

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

#### (i) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments measured at FVTPL and derivative financial instruments.

##### - Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There are no significant borrowings on the financial statements. Hence, there is no significant concentration of interest rate risk.

##### - Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

#### (ii) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with bank and financial institutions, foreign exchange transactions and other financial instruments.

##### Trade Receivables

The customers of the company are primarily corporations based in the United States of America and Europe and accordingly, trade receivables are concentrated in the respective countries. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivables. The Company has used the expected credit loss model to assess the impairment loss or gain on trade receivables and unbilled revenue, and has provided it wherever appropriate. In calculating expected credit loss, the Company has also taken into account estimates of possible effect from the pandemic relating to COVID-19 and has recorded provision of Rs. 1Mn (Previous year Rs. Nil) and Rs. Nil (Previous year Rs. Nil) against outstanding receivables and unbilled revenue respectively against one of its customer.

The following table gives the movement in allowance for expected credit loss for the year ended March 31, 2022:

	March 31, 2022	March 31, 2021
Balance at the beginning	0	-
Impairment loss recognized (net)	-	-
Expenses Recognised in Exceptional Item	-	-
Transfer to provision for customer contract/ other expense	1	0
Amounts written off	-	-
<b>Balance at the end *</b>	<b>1</b>	<b>0</b>

\* Closing balance includes trade receivable Rs. 1 Mn (31 March 2021 Rs. 0Mn) and contract assets Rs.Nil (31 March 2021 Rs.Nil).

##### Financial instruments and cash deposits

Credit risk on cash and cash equivalents is limited as the management generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid, short term, and arbitrage mutual fund units and certificates of deposit which are funds deposited at a bank for a specified time period.

#### (iii) Liquidity Risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding borrowings except term loans. The term loans are secured against hypothecation of the vehicles (refer note 12). However, the Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

##### Maturities of financial liabilities

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2022:

Particulars	Less than 1 Year	1-2 Years	2-4 Years	4-7 Years	Total
Borrowings	0	-	-	-	0
Trade Payables	14	(0)	(0)	0	14
	<b>14</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>14</b>

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2021:

Particulars	Less than 1 Year	1-2 Years	2-4 Years	4-7 Years	Total
Borrowings	0	0	-	-	0
Trade Payables	36	(0)	(0)	0	36
	<b>36</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>36</b>

'0' represents amount is below the rounding off norm adopted by the Company.

### 24 Capital Management

#### a) Risk management

For the Company's capital management, capital includes issued equity share capital, share premium and all other equity reserves attributable to the shareholders. The primary objectives of the Company's capital management are to maximise the shareholder value and safeguard their ability to continue as a going concern. The Company has no outstanding borrowings except term loans. The term loans are secured against hypothecation of the vehicles (refer note 12). The Company has complied with the financial covenants attached with above stated borrowings throughout the reporting period.

#### b) Dividends

	March 31, 2022	March 31, 2021
(i) Equity Shares		
Final dividend paid for the year ended March 31, 2022 of Rs. NIL (March 31, 2021 - Rs.NIL) per share	-	-
(ii) Interim dividend paid for the year ended March 31, 2022 of Rs. 3.50 (March 31, 2021 - Rs.NIL) per share	175	-
(ii) Dividends not recognised at the end of reporting period	-	55
Since year end the Directors have recommended the payment of Interim dividend of Rs.NIL per fully paid up equity share (March 31, 2021 - Rs.NIL).		





**25 Related Party Disclosure**

**A Name of related parties and description of relationship**

**1 Key Managerial Personnel**

Sudhir Singh, Director  
 Sanjeev Prasad, Director  
 Ajay Kalra, Managing Director  
 Ashish Arora, Chief Financial Officer  
 Barkha Sharma, Company Secretary

**2 Holding Company**

Coforge Limited (erstwhile NIIT Technologies Limited)

**3 Fellow Subsidiaries**

Coforge Limited, UK (erstwhile NIIT Technologies Limited, UK)  
 Coforge Inc. USA (erstwhile NIIT Technologies Inc., USA)  
 Coforge GmbH, Germany (erstwhile NIIT Technologies GmbH, Germany)  
 Coforge AdvantageGo Limited, U.K (erstwhile NIIT Insurance Technologies Limited, U.K.)  
 Coforge Airline Technologies GmbH, Germany (erstwhile NIIT Airline Technologies GmbH, Germany)

**4 Parties in which the Key Managerial Personnel of the Company are interested:**

Coforge SF Private limited (erstwhile Whishworks IT Consulting Private Limited)

**B List of other related parties:**

Particulars	Country	Nature of relationship
Coforge Limited Employees Provident Fund Trust (erstwhile NIIT Technologies Limited Employees Provident Fund Trust)	India	Post-employment benefit plan
Coforge Limited Employees Group Gratuity Scheme (erstwhile NIIT Technologies Limited Employees Group Gratuity Scheme)	India	Post-employment benefit plan
Coforge Limited Employees Superannuation Scheme (erstwhile NIIT Technologies Superannuation Scheme)	India	Post-employment benefit plan

Refer to Note 14 for information and transactions with post-employment benefit plans mentioned above.

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

**C Details of transaction with related parties.**

Nature of Transaction	Holding Company	Fellow Subsidiaries	Key Managerial Personnel	Parties in which Key Managerial Personnel of the Company are interested	Total
Rendering of Services	-	512	-	-	512
	-	(465)	-	-	(465)
Receiving of Services	11	-	-	-	11
	(7)	-	-	-	(7)
Transfer of Expenses from	1	-	-	-	1
	(1)	-	-	-	(1)
Transfer of Expenses to	22	7	-	-	29
	(21)	(6)	-	-	(27)
Investments made	-	-	-	-	-
	-	(536)	-	-	(536)
Sale of Fixed Assets	6	-	-	-	6
	-	-	-	-	-
Dividend paid	230	-	-	-	230
	-	-	-	-	-
Dividend Received	-	-	-	35	35
	-	-	-	-	-
<b>Total</b>	<b>269</b>	<b>518</b>	<b>-</b>	<b>35</b>	<b>823</b>
	<b>(29)</b>	<b>(1,007)</b>	<b>-</b>	<b>-</b>	<b>(1,036)</b>

Figures in parenthesis represent Previous Year's figure.

'0' represents amount is below the rounding off norm adopted by the Company.

**D Details of balances with related parties**

	Receivables as at March 31, 2022	Payables as at March 31, 2022	Receivables as at March 31, 2021	Payables as at March 31, 2021
Holding Company and Fellow Subsidiaries				
Amount receivable / payable	201	3	163	2
Parties of whom the Company is an associate	-	-	-	-
Key Managerial Personnel	-	-	-	-
Parties in which Key Managerial Personnel are interested	-	-	-	-

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

**E Terms and Conditions**

Transactions with related parties during the year were based on terms that would be available to third parties. All other transactions were made on normal commercial terms and conditions and at market rates.

All other transactions were made on normal commercial terms and conditions and at market rates in respect of impaired receivables due from related parties.

All outstanding balances are unsecured and are repayable in cash.



**26 Contingent liabilities and contingent assets**

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

**(a) Contingent liabilities**

The company had contingent liabilities in respect of:

	March 31,2022	March 31,2021
Income tax matters pending disposal by the tax authorities	1	1

- (i) Disallowance of Rs.0.6 Mn as on March 31, 2022 for the Financial Year 2014-15, against intimation u/s 143(1) received. Response submitted w.r.t. non credit of Surcharge, Cess and Edu.Cess while allowing MAT Credit.
- (ii) The Company is contesting the demand and the management including the tax advisors believe that its position will more likely be upheld in the appellate process. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

**(b) Contingent assets**

The company does not have any contingent assets as at March 31, 2022 and March 31, 2021.

**27 Commitments**

**Capital Commitments**

The company does not have any Capital commitments as at March 31, 2022 and March 31, 2021.

**28 Earnings per Share**

	31 March 2022	31 March 2021
(a) <i>Basic earnings per equity share of Rs 10 each</i> Attributable to the equity holders of the Company (Rs. Per share)	3.72	2.49
(b) <i>Diluted earnings per equity share of Rs 10 each</i> Attributable to the equity holders of the Company (Rs. Per share)	3.72	2.49
(c) <i>Reconciliations of earnings used in calculating earnings per share</i>		
<i>Basic earnings per share</i> Profit attributable to the equity holders of the Company used in calculating basic earnings per share:	186	124
<i>Diluted earnings per share</i> Profit attributable to the equity holders of the company used in calculating diluted earnings per share	186	124
(d) <i>Weighted average number of shares used as the denominator</i> Weighted average number of equity shares used as the denominator in calculating basic earnings per share	50,000,000	50,000,000

The company does not have any outstanding dilutive potential equity shares. Consequently, the basic and dilutive EPS of the company remains the same.

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**Coforge SmartServe Limited (erstwhile NIT SmartServe Limited)**

(CIN: U72900DL2002PLC114946)

**Notes to Financial Statements for the financial period ended March 31, 2022**

**29 Leases**

The Company has adopted Ind AS 116 "Leases" from April 01, 2019, which resulted in changes in accounting policies in the financial statements.

Effective April 1, 2019, the Company adopted Ind AS 116 on "Leases", using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of Rs.221 Mn, and a lease liability of Rs.280 Mn. The cumulative effect of applying the standard resulted in Rs.52 Mn being debited to retained earnings, net of taxes of Rs.16 Mn. The effect of this adoption is insignificant on the profit for the period and earnings per share.

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2022:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Balance as of April 01, 2021	130	177
Additions	-	-
Deletions	(6)	(2)
Depreciation	(42)	(44)
<b>Balance as of March 31, 2022</b>	<b>83</b>	<b>131</b>

The following is the movement in lease liabilities during the year ended March 31, 2022:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Balance at the beginning	192	238
Additions	-	0
Deletions	(6)	(2)
Finance cost accrued during the period	16	21
Payment of lease liabilities	(71)	(65)
<b>Balance at the end</b>	<b>132</b>	<b>192</b>

The following is the break-up of current and non-current lease liabilities as of March 31, 2022

Particulars	Amount	Amount
Current lease liabilities	67	61
Non-current lease liabilities	65	131
<b>Total</b>	<b>132</b>	<b>192</b>

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2022 on an undiscounted basis:

Particulars	Amount	Amount
Less than one year	77	76
One to five years	68	145
More than five years	-	-
<b>Total</b>	<b>145</b>	<b>221</b>

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The aggregate depreciation on ROU assets has been included under depreciation and amortisation expense in the consolidated Statement of Profit and Loss.

**30 Additional Regulatory Information**

Ratios	Numerator	Denominator	March 31, 2022	March 31, 2021	Change	Remarks
Current Ratio (in times)	Total current assets	Total current liabilities	2.86	2.94	-3%	Decrease in current ratio on account of lower bank balance.
Debt-Equity Ratio (in times)	Debt consists of borrowings and lease liabilities	Total equity	0.16	0.22	-28%	Decrease is primarily on account of decrease in lease liabilities.
Debt Service Coverage Ratio (in times)	Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses + Interest + Other non-cash adjustments	Debt service = Interest and lease payments + Principal repayments	4.46	4.36	2%	Increase is on account higher Profit after tax.
Return on Equity Ratio (in %)	Profit for the year less Preference dividend (if any)	Average total equity	21%	15%	43%	Increase is primarily on account of increase in Profit after tax.
Inventory Turnover Ratio	NA	NA	NA	NA	NA	
Trade Receivable Turnover Ratio (in times)	Revenue from operations	Average trade receivables	3.05	4.06	-25%	Decrease is primarily on account of higher increase in trade receivable as compared to Revenue from operations
Trade Payable Turnover Ratio (in times)	Cost of equipment and software licences and Other expenses	Average trade payables	4.58	4.24	8%	Increase is primarily on account of higher decrease in cost of equipment and other expenses as compared to the decrease in trade payables.
Net Capital Turnover Ratio (in times)	Revenue from operations	Average working capital (i.e. Total current assets less Total current liabilities)	2.93	2.24	31%	Increase is primarily on account of higher increase in Revenue from operations and decrease in working capital.
Net Profit Ratio (in %)	Profit for the year	Revenue from operations	30%	21%	39%	Increase is primarily on account of increase in Revenue from operations and other income
Return on Capital Employed (in %)	Profit before tax and finance costs	Capital employed = Net worth + Lease liabilities + Deferred tax liabilities	26%	17%	49%	Increase is primarily on account of increase in Revenue from operations and a decrease in capital employed
Return on Investment (in %)	Income generated from invested funds	Average invested funds in treasury investments	6%	1%	403%	Increase is primarily on account of increase in income from invested funds (dividend)



**31 Segment Information**

As per Ind AS 108 - Operating Segments, where the financial report contains both the consolidated financial statements of a parent as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements, accordingly no segment information is disclosed in these financial statements of the Company.

**32 Other Statutory Information**

The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**33** Previous year figures have been reclassified to conform to current year's classification.

For S.R Batliboi & Associates LLP  
Chartered Accountants  
Firm Registration No.101049W/E300004



**Yogender Seth**  
Partner  
Membership No.094524  
UDIN: 22094524A1HRVN9455  
Place : Gurugram  
Date : May 02, 2022

**Sanjeev Prasad**  
Director  
Place : Gurugram  
Date : May 02, 2022

**Ajay Kalra**  
Managing Director  
Place : Gurugram  
Date : May 02, 2022

**Ashish Arora**  
Chief Financial Officer

Place : Greater Noida  
Date : May 02, 2022

**Barkha Sharma**  
Company Secretary

Place : Greater Noida  
Date : May 02, 2022