

Saankhya Labs Inc.

Notes to the financial statements for the year ended March 31, 2025

Corporate Information

Saankhya Labs Inc., ('the Company') was incorporated on February 14, 2012 under the provisions of the General Corporation Law of Delaware with the main object to develop, maintain, and service all types of communication systems, electronic products, semiconductor integrated circuits/ chips, micro controllers, digital signal processors, processing algorithms, embedded software and related hardware and software.

The Company is incorporated and domiciled in United States of America and has its office at California, USA

These financial statements have been approved by the Company's Board of Directors on April 17, 2025.

1. Basis of preparation of financial statements

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 (as amended)] and other relevant provisions of the Act.

(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) that are measured at fair value;

(iii) Operating cycle

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2. Critical estimates and judgments

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom 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."

Estimates and judgements 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.

Saankhya Labs Inc.**Balance Sheet as at March 31, 2025**

(All amounts in US Dollars except for share data or as otherwise stated)

Particulars	Notes	As at	
		March 31, 2025	March 31, 2024
ASSETS			
Non-current assets			
Current tax asset (net)	3	82,500	82,500
Total non - current assets		82,500	82,500
Current assets			
Inventories	4	104,901	-
Financial assets			
(i) Cash and cash equivalents	5	68,186	163,501
Total current assets		173,087	163,501
Total assets		255,587	246,001
EQUITY AND LIABILITIES			
Equity			
Equity share capital	6	1,250,000	1,250,000
Other equity	7	(1,134,813)	(1,145,821)
Total equity		115,187	104,179
Liabilities			
Current liabilities			
Financial liabilities			
(i) Trade payables	8		
(a) Total outstanding dues of micro enterprises and small enterprises		-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		6,045	7,468
Other current liabilities	9	134,354	134,354
Total current liabilities		140,399	141,822
Total liabilities		140,399	141,822
Total equity and liabilities		255,586	246,001

The accompanying notes form an integral part of the financial statements.

As per our report of even date.

for **M S K A & Co.**

Firm Registration Number: 117035W

for and on behalf of Board of Directors of
Saankhya Labs Inc.**CA. Krishna Gopal Maheshwari**

Partner

Membership No.: 048555

Place: Mumbai

Date: April 17,2025

Vishwakumara Kayargadde

Director

DIN: 00751260

Place: Bengaluru

Date: April 17,2025

Parag Naik

Director

DIN: 01055996

Place: Bengaluru

Date: April 17,2025

Saankhya Labs Inc.**Statement of Profit and Loss for the year ended March 31, 2025**

(All amounts in US Dollars except for share data or as otherwise stated)

Particulars	Notes	Year ended	
		March 31, 2025	March 31, 2024
Revenue from operations	10	60,840	203,018
Total income		60,840	203,018
Expenses			
Purchases of stock in trade		33,763	5,653
Finance costs	11	1,134	1,617
Other expenses	12	14,935	209,997
Total expenses		49,832	217,267
Profit/(Loss) before tax		11,008	(14,249)
Income tax expense			
Current tax		-	-
Deferred tax		-	-
Total tax expense		-	-
Profit/(Loss) after tax		11,008	(14,249)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Exchange differences in translating the financial statements of foreign operations		-	-
Income tax relating to above		-	-
Other comprehensive income/(loss), net of taxes		-	-
Total comprehensive income/(loss) for the year		11,008	(14,249)
Earnings/(Loss) per equity share	13		
Basic (in \$)		0.01	(0.01)
Diluted (in \$)		0.01	(0.01)

The accompanying notes form an integral part of the financial statements.

As per our report of even date.

for **M S K A & Co.**

Firm Registration Number: 117035W

for and on behalf of Board of Directors of
Saankhya Labs Inc.**CA. Krishna Gopal Maheshwari**

Partner

Membership No.: 048555

Place: Mumbai

Date: April 17,2025

Vishwakumara Kayargadde

Director

DIN: 00751260

Place: Bengaluru

Date: April 17,2025

Parag Naik

Director

DIN: 01055996

Place: Bengaluru

Date: April 17,2025

Saankhya Labs Inc.

Statement of Changes in equity for the year ended March 31, 2025

(All amounts in US Dollars except for share data or as otherwise stated)

A. Equity Share Capital

Particulars	Amount
As at April 1, 2024	1,250,000
Issue of equity shares	-
As at March 31, 2025	1,250,000

B. Other Equity

Particulars			
	Retained Earnings	Foreign currency translation reserve	Total
Balance as at April 01, 2024	(1,145,821)	-	(1,145,821)
Loss for the year	11,008		11,008
Other comprehensive (loss)/income (Remeasurement of defined benefit obligation net of income tax)		-	-
Total comprehensive (loss)/income for the year	11,008	-	11,008
Balance as at March 31, 2025	(1,134,813)	-	(1,134,813)

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

As per our report of even date.

for **M S K A & Co.**

Firm Registration Number: 117035W

for and on behalf of Board of Directors of

Saankhya Labs Inc.

CA. Krishna Gopal Maheshwari

Partner

Membership No.: 048555

Place: Mumbai

Date: April 17,2025

Vishwakumara Kayargadde

Director

DIN: 00751260

Place: Bengaluru

Date: April 17,2025

Parag Naik

Director

DIN: 01055996

Place: Bengaluru

Date: April 17,2025

Saankhya Labs Inc.

Notes to the financial statements for the year ended March 31, 2025

(All amounts in US Dollars except for share data or as otherwise stated)

Note No. 3: Tax assets

Particulars	As at	
	March 31, 2025	March 31, 2024
Current Tax Asset (net)		
Advance Income Tax (net)	82,500	82,500
	82,500	82,500

Note No. 4: Inventories

Particulars	As at	
	March 31, 2025	March 31, 2024
Stock in Trade	104,901	-
Total inventories	104,901	-

Note No. 5: Cash and Bank Balances

Particulars	As at	
	March 31, 2025	March 31, 2024
Cash and cash equivalents		
(a) Balances with banks		
(i) In current accounts		
Citi Bank	68,186	163,501
	68,186	163,501

Saankhya Labs Inc.**Notes to the financial statements for the year ended March 31, 2025**

(All amounts in US Dollars except for share data or as otherwise stated)

Note No 6: Equity share capital

	As at	
	March 31, 2025	March 31, 2024
Equity share capital		
Authorised, subscribed, issued and fully paid up		
1,250,000 (2024: 1,250,000) equity shares of USD 1 each	1,250,000	1,250,000
	1,250,000	1,250,000

(i) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting year:

	No. of shares	Amount
Opening balance as on April 1, 2024	1,250,000	1,250,000
Movement during the year	-	-
Closing balance as on March 31, 2025	1,250,000	1,250,000

(ii) Rights, preferences and restrictions attached to shares:**Equity share holders:**

The Company has one class of equity shares having a par value of USD 1 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

(iii) Shares of the company held by holding company:

	As at	
	March 31, 2025	March 31, 2024
Saankhya Labs Private Limited (amalgamated with Tejas Networks Limited)	-	1,250,000
Tejas Networks Limited	1,250,000	-

(iv) Details of shares held by each shareholder holding 5% or more shares:

	As at	
	March 31, 2025	March 31, 2024
Saankhya Labs Private Limited (amalgamated with Tejas Networks Limited)		
No. of Shares	-	1,250,000
Percentage	-	100%
Tejas Networks Limited		
No. of Shares	1,250,000	-
Percentage	100%	-

Saankhya Labs Inc.**Notes to the financial statements for the year ended March 31, 2025**

(All amounts in US Dollars except for share data or as otherwise stated)

(v) Details of share holding pattern of the promoters at the end of the year.

	As at	
	March 31, 2025	March 31, 2024
Saankhya Labs Private Limited (amalgamated with Tejas Networks Limited)		
No. of Shares	-	1,250,000
Percentage	0%	100%
% change during the year	NA	-
Tejas Networks Limited		
No. of Shares	1,250,000	-
Percentage	100%	0%
% change during the year	NA	-

(vi) The Company has not allotted any equity shares pursuant to contract without payment received in cash during the period of 5 years immediately preceding March 31, 2025.

(vii) The Company has not issued any equity shares as fully paid-up by way of bonus shares during 5 years immediately preceding March 31, 2025.

Note No 7: Other equity

	As at	
	March 31, 2025	March 31, 2024
Retained earnings	(1,134,813)	(1,145,821)
	(1,134,813)	(1,145,821)

7.1 Retained earnings

	As at	
	March 31, 2025	March 31, 2024
Opening balance	(1,145,821)	(1,131,572)
Profit/(Loss) for the year	11,008	(14,250)
Closing balance	(1,134,813)	(1,145,821)

Note:

Retained earnings represents the profits/(loss) that the Company has earned till date.

Saankhya Labs Inc.**Notes to the financial statements for the year ended March 31, 2025**

(All amounts in US Dollars except for share data or as otherwise stated)

Note No. 8: Trade Payables

Particulars	As at	
	March 31, 2025	March 31, 2024
Total outstanding dues of micro and small enterprises (MSME)	-	-
Total outstanding dues of creditors other than micro and small enterprises	6,045	7,468
Total trade payables	6,045	7,468

Ageing of trade payables**Undisputed trade payables- Others**

Unbilled	-	-
Not due	1,045	610
Outstanding for the following period from the due date		
Less than 6 months	5,000	6,858
6 months to 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
	6,045	7,468

Note

(a) There are no disputed trade payables as on March 31, 2025 and March 31, 2024.

Dues to Micro Small and Medium Enterprises (MSMEs)

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	As at	
	March 31, 2025	March 31, 2024
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end ¹	-	-
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
Interest accrued and remaining unpaid at the end of each accounting year	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	-	-

¹Based on periodic circularisations by the Company and responses received from the suppliers, the Company identifies Micro and Small parties registered under the MSMED Act. The information above has been compiled by the management basis such identification. No delays in payments beyond the stipulated date prescribed under the MSMED Act have been identified for such vendors based on the acceptance dates for such goods/services as agreed by the concerned vendors.

Note No. 9: Other Current Liabilities

Particulars	As at	
	March 31, 2025	March 31, 2024
Advances received from customers	134,354	134,354
Total other current liabilities	134,354	134,354

Saankhya Labs Inc.**Notes to the financial statements for the year ended March 31, 2025**

(All amounts in US Dollars except for share data or as otherwise stated)

Note No. 10: Revenue from Operations

The Company is engaged in the business of Software and Hardware and to provide services and solutions.

Revenue from sale of products is recognised when control over products is transferred in accordance with the contractual terms of sale and there are no unfulfilled performance obligations that could affect the customer's acceptance of the products.

Revenue from services are recognised as and when such services are rendered.

If the services rendered by the Company exceed the payments from customers, a contract asset is recognised. If the payments received exceed the services rendered, a contract liability is recognised (which we refer to as deferred revenue).

Particulars	For the year ended	
	March 31, 2025	March 31, 2024
Revenue from contract with customers		
Sale of goods		
Integrated Chips	60,840	9,360
	<u>60,840</u>	<u>9,360</u>
Rendering of services		
Other service revenue	-	193,658
	<u>-</u>	<u>193,658</u>
Total revenue from operations	<u>60,840</u>	<u>203,018</u>

Unsatisfied long term contracts:

The company has not entered into any long term contracts. Hence, there are no unsatisfied long term contracts.

Reconciliation of revenue recognised with contract price

Particulars	March 31, 2025	March 31, 2024
Contract price	60,840	203,018
Adjustments for incentives	-	-
Revenue from continuing operations	<u>60,840</u>	<u>203,018</u>

Note No. 11: Finance cost

Particulars	March 31, 2025	March 31, 2024
Other finance cost	1,134	1,617
Total finance cost	<u>1,134</u>	<u>1,617</u>

Note No. 12: Other Expenses

Particulars	March 31, 2025	March 31, 2024
Cost of technical services	-	151,283
Rates and taxes	3,812	-
Business promotion	5,000	54,450
Legal and professional	2,100	2,449
Auditors remuneration and out-of-pocket expenses		
Audit Fee (including fees for limited reviews)	610	610
Tax Audit Fee	-	-
Certification matters	-	-
Other services	-	-
Auditors out-of-pocket expenses	-	-
Brand Equity Subscription Fee	(965)	1,205
Miscellaneous expenses	4,378	-
	<u>14,935</u>	<u>209,997</u>

Note No. 13: Earnings/(Loss) per equity share

Particulars	March 31, 2025	March 31, 2024
Profit attributable to equity holders of the company	11,008	(14,249)
No. of equity shares	<u>1,250,000</u>	<u>1,250,000</u>
Earnings/(Loss) per equity share		
Basic	0.01	(0.01)
Diluted	0.01	(0.01)

Saankhya Labs Inc.

Notes to the financial statements for the year ended March 31, 2025

(All amounts in US Dollars except for share data or as otherwise stated)

14 Fair value measurements

(a) Financial instruments by category

Particulars	March 31, 2025	March 31, 2024
Financial assets		
Measured at amortised cost		
Trade receivables	-	-
Cash and cash equivalents	68,186	163,501
Total	68,186	381,377
Financial liabilities		
Measured at amortised cost		
Trade payables	6,045	7,468
Total	6,045	7,910

(b) Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

Level 1 - The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The mutual funds are valued using the closing NAV. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2 – The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The fair value of derivative contracts are determined using the market approach considering forward exchange rates at the balance sheet date.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3. The management considers that the carrying amount of financial assets and financial liabilities recognised in these financial statements at amortized cost approximate their fair values.

All the financial assets and liabilities are classified under Level 3 as on March 31, 2025 and March 31, 2024.

(c) Fair value of financial assets and liabilities measured at amortised cost

The carrying amount of trade receivables, cash and cash equivalents and trade payables are considered to be same as their fair value, due to their short term nature.

15 Financial risk management

The company's risk management is carried out by Treasury department under policies laid down by the management. The Company's activities expose it to credit risk and liquidity risk. Treasury department monitors the risk exposures on a periodical basis and reports to the Board of directors on the risks that it monitors and policies implemented to mitigate risk exposures.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents; Trade receivables	Aeging analysis and credit rating	Diversification of bank deposits and credit limits
Liquidity risk	Trade payables and other liabilities	Rolling cash flow forecasts	Availability of committed credit line and borrowing facilities

Saankhya Labs Inc.

Notes to the financial statements for the year ended March 31, 2025

(All amounts in US Dollars except for share data or as otherwise stated)

15 Financial risk management (contd.)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. The company does not hold any collaterals to cover its risk associated with trade receivables.

Credit risk also arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions. The company has assessed the credit worthiness of Citi Bank and noted that the amount held at Citi Bank is recoverable.

The credit risk on derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

Liquidity risk is the risk that the company could be unable to meet its short term financial demands. Ultimate responsibility for liquidity risk rests with the management, which has established an appropriate liquidity risk management framework for the management of the company's short-term, medium-term and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual short term and long term cash flows, and by matching the maturity profiles of financial assets and liabilities.

16 Capital management

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Saankhya Labs Inc.**Notes to the financial statements for the year ended March 31, 2025**

(All amounts in US Dollars except for share data or as otherwise stated)

17 Financial ratios

Ratio	Numerator	Denominator	Current period	Previous period	% variance	Reason for variance
Current ratio	Current assets	Current liabilities	1.23	1.15	7%	Increase is mainly due to increase in inventory balance during the year.
Return on equity	Profit after tax	Avg. shareholders equity	0.10	(0.13)	-178%	Increase is mainly due to increase in profit after tax during the year
Payables turnover ratio	Total Expenses	Payables	8.24	29.09	-72%	Decrease is mainly due to decrease in expenses and decrease in trade payables balance during the year.
Net capital turnover ratio	Total sales	Current assets-Current liabilities	1.86	9.36	-80%	Decrease is mainly due to decrease in sales during the year
Net profit ratio	Profit after tax	Total sales	0.18	(0.07)	-358%	Increase is mainly due to decrease in expenses during the year
Return on capital employed	Profit before tax	Capital employed	0.10	(0.14)	-170%	Increase is mainly due to decrease in profit before tax during the year
Return on investment	Profit after tax	Capital employed	0.10	(0.14)	-170%	Increase is mainly due to decrease in profit after tax during the year

Note:

Debt equity ratio, receivables turnover ratio, debt service coverage ratio, inventory turnover ratio is not applicable to the company.

Saankhya Labs Inc.

Notes to the financial statements for the year ended March 31, 2025

(All amounts in US Dollars except for share data or as otherwise stated)

18 Segment information

The Company operates under single segment. Hence, segment reporting is not applicable.

19 Related party transactions

A List of related parties:

Name of the related party	Nature of relationship
Tata Sons Private Limited	Ultimate Holding Company
Panatone Finvest Limited	Intermediate holding Company
Tejas Networks Limited	Immediate Holding Company
Key managerial persons	
Dr. Vishwakumara Kayargadde	Director
Parag Naik	Director

B Transactions with related parties:

Particular	For the year ended	
	March 31, 2025	March 31, 2024
Other Expenses		
Tata Sons Private Limited	120	-

C Balances with related parties

Particular	As at	
	March 31, 2025	March 31, 2024
Trade Payables		
Tata Sons Private Limited	120	-
	-	-

20 Contingent liabilities and commitments

The Company does not have any contingent liabilities and commitments as on March 31, 2025 and March 31, 2024.

21 Other regulatory disclosures

Title deeds of immovable properties not held in name of the company

The Company does not own any imovable property. Hence, reporting under this clause is not applicable to the Company.

Registration of charges or satisfaction with Registrar of Companies

There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

Utilisation of borrowings availed from banks and financial institutions

The Company has not borrowed any amount from banks and financial institutions. Hence, reporting under this clause is not applicable to the Company.

Details of benami property held

No proceedings have been initiated on or are pending against the group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

Borrowing secured against current assets

The Company has not borrowed any amount from banks and financial institutions. Hence, reporting under this clause is not applicable to the Company.

Saankhya Labs Inc.

Notes to the financial statements for the year ended March 31, 2025

(All amounts in US Dollars except for share data or as otherwise stated)

21 Other regulatory disclosures (contd.)

Wilful defaulter

The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

Relationship with struck off companies

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

Compliance with number of layers of companies

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

Compliance with approved scheme(s) of arrangements

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

Utilisation of borrowed funds and share premium

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

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

The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the group 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.

Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

Details of crypto currency or virtual currency

The group has not traded or invested in crypto currency or virtual currency during the current or previous year.

Valuation of PP&E, intangible asset and investment property

The company has not revalued its property, plant and equipment or intangible assets or both during the current or previous year.

22 Previous year's figures have been re-grouped/reclassified, wherever necessary, to conform to current year's classification.

for **M S K A & Co.**

Firm Registration Number: 117035W

for and on behalf of Board of Directors of

Saankhya Labs Inc.

CA. Krishna Gopal Maheshwari

Partner

Membership No.: 048555

Place: Mumbai

Date: April 17,2025

Vishwakumara Kayargadde

Director

DIN: 00751260

Place: Bengaluru

Date: April 17,2025

Parag Naik

Director

DIN: 01055996

Place: Bengaluru

Date: April 17,2025

23. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

23.1. Income recognition

Interest Income

Interest income from a financial asset at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at Fair value through Profit and loss (FVTPL) is calculated using effective interest method and is recognised in statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial asset the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

23.2. Financial liabilities

23.2.1. Classification as liability or equity

Financial liability and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

23.2.2. Subsequent Measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method unless at initial recognition, they are classified as fair value through profit or loss (FVTPL).

23.2.3. Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

23.3. Trade Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are usually unsecured. Trade payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

23.4. Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties

surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources or an obligation for which the future outcome cannot be ascertained with reasonable certainty. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

23.5. Earnings per equity share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) 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.
- potentially issuable equity shares, that could potentially dilute basic earnings per share, are not included in the calculation of diluted earnings per share when they are anti-dilutive for the period presented.

23.6. 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 adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and 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. 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. The Company measures its tax balances for uncertain tax positions either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax asset on Minimum Alternate Tax (MAT) credit is recognised only when it is probable that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the deferred tax asset relating to MAT credit is written down to the extent there is no longer a convincing evidence that the Company will pay normal income tax during the specified period. Similarly the deferred tax asset relating to MAT credit is adjusted upwards if the previously unrecognised MAT credit is considered recoverable due to higher anticipated future taxable profit.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the 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 for 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 within the same jurisdiction.

Current and deferred tax is recognized in statement of profit and loss, except to the extent that it relates to item 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.

23.7. Cash Flow Statement

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

23.8. Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing component, when they are recognised at fair value. The Company holds trade receivable with the objective to collect contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is conditional only upon passage of time. Revenue in excess of billings is recorded as unbilled revenue and is classified as a financial asset as only the passage of time is required before the payment is due.

Invoicing in excess of earnings are classified as contract liabilities which is disclosed as deferred revenue.

Trade receivables and unbilled revenue are presented net of impairment in the Balance Sheet.

23.9. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on 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.

23.10. Contributed Equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

23.11. Exceptional Items

When an item of income or expense within Statement of profit and loss from ordinary activity is of such size, nature or incidence that its disclosure is relevant to explain the performance of the Company for the year, the nature and amount of such items is disclosed as exceptional items.

23.12. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crore with two decimals as per the requirement of Schedule III, unless otherwise stated.