

**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors of Innovsource Services Private Limited**

**Report on the Audit of the Special Purpose Interim Standalone Ind AS Financial Statements**

**1. Opinion**

We have audited the accompanying special purpose interim standalone Ind AS financial statements of **Innovsource Services Private Limited** (the "Company"), which comprise the special purpose standalone Balance Sheets as at September 30, 2022 and 2021, the special purpose standalone Statements of Profit and Loss (including Other Comprehensive Income), the special purpose standalone Statements of Cash Flows and the special purpose standalone Statements of Changes in Equity for the six month periods then ended and a summary of significant accounting policies and other explanatory information (the "Special Purpose Interim Standalone Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Interim Standalone Ind AS Financial Statements is prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.1 to the Special Purpose Interim Standalone Ind AS Financial Statements.

**2. Basis for Opinion**

We conducted our audit of the Special Purpose Interim Standalone Ind AS Financial Statements in accordance with the Standards on Auditing ("SA"s) issued by the Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Interim Standalone Ind AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the Special Purpose Interim Standalone Ind AS Financial Statements under the provisions of the Companies Act, 2013 (the "Act") and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Special Purpose Interim Standalone Ind AS Financial Statements.

**3. Emphasis of Matter**

**Basis of preparation and restriction on distribution and use**

We draw attention to Note 2.1 to the Special Purpose Interim Standalone Ind AS Financial Statements, which describes the purpose and basis of preparation. The Special Purpose Interim Standalone Ind AS Financial Statements have been prepared by the Company for the purpose of preparation of Special Purpose Interim Consolidated Ind AS Financial Statements of the FirstMeridian Business Services Limited (the "Parent") and inclusion in the Draft Red Herring Prospectus (the "DRHP") in connection with the proposed initial public offering of the Parent. As a result, the Special Purpose Interim Standalone Ind AS Financial Statements may not be suitable for any other purpose. The Special Purpose Interim Standalone Ind AS Financial Statements cannot be referred to or distributed or included in any offering document or used for any other purpose except with our prior consent in writing. Our report is intended solely for the use of the Board of Directors in connection with the proposed initial public offering of the Parent and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Our opinion is not modified in respect of this matter.

**4. Responsibilities of Management and Those Charged with Governance for the Special Purpose Interim Standalone Ind AS Financial Statements**

The Company's Board of Directors are responsible for the preparation and presentation of these Special Purpose Interim Standalone Ind AS Financial Statements in accordance with the basis of preparation as set out in Note 2.1 to the Special Purpose Interim Standalone Ind AS Financial Statements for the purpose set

out in Emphasis of Matter - "Basis of preparation and restriction on distribution and use" paragraph above.

The Company's Board of Directors are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Interim Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

#### **5. Auditor's Responsibilities for the Audit of the Special Purpose Interim Standalone Ind AS Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the Special Purpose Interim Standalone Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Company's internal financial controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Special Purpose Interim Standalone Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Special Purpose Interim Standalone Ind AS Financial Statements, including the disclosures, and whether the Special Purpose Interim Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Special Purpose Interim Standalone Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Special Purpose Interim Standalone Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our

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## **Deloitte Haskins & Sells LLP**

audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Special Purpose Interim Standalone Ind AS Financial Statements.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

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

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



Mukesh Jain  
Partner

Membership No. 108262  
UDIN: 23108262BGTJKC6530

Place: Mumbai  
Date: January 17, 2023

Particulars	Note No.	As at September 30, 2022	As at September 30, 2021
<b>Assets</b>			
<b>1 Non-current assets</b>			
a. Property, plant and equipment	3	41.52	50.87
b. Right-of-use assets	29.3	171.97	160.71
c. Goodwill	4	753.84	753.84
d. Other intangible assets	5	45.87	44.97
e. Financial assets			
i. Investment in subsidiary	6	426.56	-
ii. Other financial assets	7	654.76	546.01
f. Non-current tax assets (net)		406.01	235.23
<b>Total non-current assets</b>		<b>2,500.53</b>	<b>1,791.63</b>
<b>2 Current assets</b>			
a. Financial assets			
i. Trade receivables	9	1,212.41	685.94
ii. Cash and cash equivalents	10	721.36	255.91
iii. Other bank balances	11	-	452.31
iv. Other financial assets	7	853.43	902.53
b. Other current assets	12	65.89	49.03
<b>Total current assets</b>		<b>2,853.09</b>	<b>2,345.72</b>
<b>Total assets</b>		<b>5,353.62</b>	<b>4,137.35</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
a. Equity share capital	13	1,153.30	1,153.30
b. Other equity	14	430.19	312.76
<b>Total equity</b>		<b>1,583.49</b>	<b>1,466.06</b>
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
a. Financial liabilities			
i. Lease liabilities	29.4	115.54	109.01
b. Provisions	16	432.33	339.03
c. Deferred tax liability (net)	8	78.90	98.69
<b>Total Non-current liabilities</b>		<b>626.77</b>	<b>546.73</b>
<b>2 Current liabilities</b>			
a. Financial liabilities			
i. Borrowings	15	750.68	0.46
ii. Lease liabilities	29.4	63.47	56.53
iii. Trade payables	17	-	-
- Total outstanding dues of micro and small enterprises		0.09	0.39
- Total outstanding dues of creditors other than micro and small enterprises		60.57	78.81
iv. Other financial liabilities	18	1,575.78	1,346.95
b. Provisions	16	147.20	193.98
c. Other current liabilities	19	545.57	447.44
<b>Total current liabilities</b>		<b>3,143.36</b>	<b>2,124.56</b>
<b>Total liabilities</b>		<b>3,770.13</b>	<b>2,671.29</b>
<b>Total equity and liabilities</b>		<b>5,353.62</b>	<b>4,137.35</b>

See accompanying notes to the Special Purpose Interim Financial Statements

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In terms of our report attached of even date  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
FRN No. : 117366W/W-100018

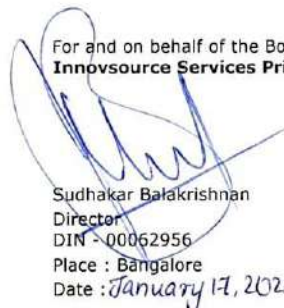


Mukesh Jain  
Partner  
Membership No. 108262

Place : Mumbai  
Date : January 17, 2023

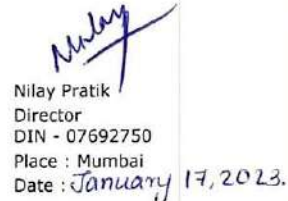


For and on behalf of the Board of Directors of  
**Innovsource Services Private Limited**

  
Sudhakar Balakrishnan  
Director  
DIN - 00062956  
Place : Bangalore  
Date : January 17, 2023

  
Amit Chitale  
Chief Financial Officer

Place : Mumbai  
Date : January 17, 2023

  
Nilay Pratik  
Director  
DIN - 07692750  
Place : Mumbai  
Date : January 17, 2023

  
Monaji Joshi  
Company Secretary  
Membership No : A36428  
Place : Mumbai  
Date : January 17, 2023



**Innovsource Services Private Limited**  
**Special Purpose Interim Statement of Profit and Loss for the period September 30, 2022**  
All amounts are ₹ in million unless otherwise stated

	Particulars	Note No.	For the six month period ended September 30, 2022	For the six month period ended September 30, 2021
<b>I</b>	<b>Income</b>			
	Revenue from operations	20	8,918.96	7,351.47
	Other income	21	18.23	15.07
	<b>Total income (I)</b>		<b>8,937.19</b>	<b>7,366.54</b>
<b>II</b>	<b>Expenses</b>			
	Employee benefits expense	22	8,530.27	7,025.31
	Finance costs	23	21.99	9.26
	Depreciation and amortisation expense	24	58.61	52.73
	Other expenses	25	255.49	187.68
	<b>Total expenses (II)</b>		<b>8,866.36</b>	<b>7,274.98</b>
<b>III</b>	<b>Profit before tax (I- II)</b>		<b>70.83</b>	<b>91.56</b>
<b>IV</b>	<b>Tax expenses</b>	26		
	Current tax		-	-
	Deferred tax charge/(credit)		41.49	(22.97)
	<b>Total tax expense (IV)</b>		<b>41.49</b>	<b>(22.97)</b>
<b>V</b>	<b>Profit for the period (III- IV)</b>		<b>29.34</b>	<b>114.53</b>
<b>VI</b>	<b>Other comprehensive income</b>			
	<b>Items that will not be reclassified subsequently to Profit and Loss</b>			
	- Gain/(loss) on remeasurements of the defined benefit plans		0.06	(0.95)
	- Income tax effect on above	26	(0.01)	0.24
<b>VII</b>	<b>Total comprehensive income for the period (V+VI)</b>		<b>29.39</b>	<b>113.82</b>
<b>VIII</b>	<b>Earnings per equity share</b>	27		
	Basic (in ₹)		0.25	0.99
	Diluted (in ₹)		0.25	0.99

See accompanying notes to the Special Purpose Interim Financial Statements

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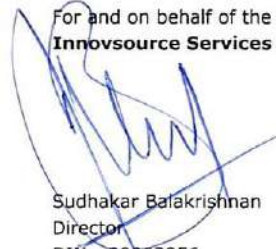
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Chartered Accountants  
FRN No. : 117366W/W-100018



Mukesh Jain  
Partner  
Membership No. 108262

Place : Mumbai  
Date : January 17, 2023

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



Sudhakar Bafakrishnan  
Director  
DIN - 00062956  
Place : Bangalore  
Date : January 17, 2023

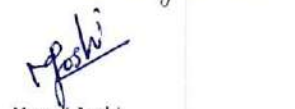


Amit Chitale  
Chief Financial Officer

Place : Mumbai  
Date : January 17, 2023



Nilay Pratik  
Director  
DIN - 07692750  
Place : Mumbai  
Date : January 17, 2023



Monali Joshi  
Company Secretary  
Membership No : A36428  
Place : Mumbai  
Date : January 17, 2023



**Innovsource Services Private Limited**  
**Special Purpose Interim Statement of Cash Flows for the six month period ended September 30, 2022**  
**All amounts are ₹ in million unless otherwise stated**

Particulars	For the six month period ended September 30, 2022	For the six month period ended September 30, 2021
<b>A Cash flows from operating activities</b>		
Profit before tax	70.83	91.56
<b>Adjustments for:</b>		
Depreciation and amortisation expense	58.61	52.73
Provision no longer required	(14.27)	-
Provision for doubtful trade and other receivables	4.62	2.32
Interest income	(3.16)	(13.78)
Gain on early termination of leases	(0.79)	(1.01)
Net loss/(gain) on sale of property, plant and equipment	0.20	(0.28)
Finance costs	21.99	9.26
<b>Operating profit before working capital changes</b>	<b>138.03</b>	<b>140.80</b>
<b>Movements in working capital:</b>		
<i>(Increase)/Decrease in assets:</i>		
Trade receivables	(292.83)	(101.84)
Other assets	(243.01)	(685.05)
<i>Increase/(Decrease) in liabilities:</i>		
Trade and other payables	(66.91)	(10.51)
Provisions and other liabilities	423.35	437.02
<b>Cash used in operations</b>	<b>(41.37)</b>	<b>(219.58)</b>
Income taxes refund (paid)/received	(87.15)	256.52
<b>Net cash (used in)/generated from operating activities (A)</b>	<b>(128.52)</b>	<b>36.94</b>
<b>B Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible including capital advances	(16.83)	(18.14)
Proceeds from sale of property, plant and equipment	0.50	0.73
Interest income	4.44	11.18
Investments in subsidiary	(26.49)	-
<b>Net cash used in investing activities (B)</b>	<b>(38.38)</b>	<b>(6.23)</b>
<b>C Cash flows from financing activities</b>		
Proceeds from short term borrowing	242.29	0.15
Payment of lease liabilities including interest	(41.18)	(36.24)
Interest paid	(11.25)	(2.91)
<b>Net cash generated from/(used in) financing activities (C)</b>	<b>189.86</b>	<b>(39.00)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>22.96</b>	<b>(8.29)</b>
Cash and cash equivalents at the beginning of the period	698.40	264.20
<b>Cash and cash equivalents at the end of the period (refer note 10)</b>	<b>721.36</b>	<b>255.91</b>

See accompanying notes to the Special Purpose Interim Financial Statements

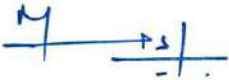
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In terms of our report attached of even date

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

FRN No. : 117366W/W-100018



Mukesh Jain

Partner

Membership No. 108262



Place : Mumbai

Date : January 17, 2023


For and on behalf of the Board of Directors of  
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Sudhakar Balakrishnan  
Director

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Place : Bangalore

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Amit Chitale  
Chief Financial Officer

Place : Mumbai

Date : January 17, 2023

  
Monali Joshi  
Company Secretary

Membership No : A36428

Place : Mumbai

Date : January 17, 2023



a. Equity share capital

Particulars	As at September 30, 2022	As at September 30, 2021
<b>Balance at the beginning of the period</b>	<b>1,153.30</b>	<b>1,153.30</b>
Shares issued during the period	-	-
<b>Balance at the end of the period</b>	<b>1,153.30</b>	<b>1,153.30</b>

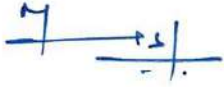
b. Other equity

Particulars	Other equity		Total
	Retained earnings		
<b>Balance as at April 1, 2021</b>	<b>198.94</b>		<b>198.94</b>
Profit for the period	114.53		<b>114.53</b>
Loss on remeasurements of the defined benefit plans (net of taxes)	(0.71)		<b>(0.71)</b>
<b>Balance as at September 30, 2021</b>	<b>312.76</b>		<b>312.76</b>
<b>Balance as at April 1, 2022</b>	<b>400.80</b>		<b>400.80</b>
Profit for the period	29.34		<b>29.34</b>
Gain on remeasurements of the defined benefit plans (net of taxes)	0.05		<b>0.05</b>
<b>Balance as at September 30, 2022</b>	<b>430.19</b>		<b>430.19</b>

Note: Refer Note 14 "Other equity" for nature of reserves

See accompanying notes to the Special Purpose Interim Financial Statements 1-38

In terms of our report attached of even date  
 For **Deloitte Haskins & Sells LLP**  
 Chartered Accountants  
 FRN No. : 117366W/W-100018



Mukesh Jain  
 Partner  
 Membership No. 108262

Place : Mumbai  
 Date : January 17, 2023.



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



Sudhakar Balakrishnan  
 Director  
 DIN - 00062956  
 Place : Bangalore  
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 DIN - 07692750  
 Place : Mumbai  
 Date : January 17, 2023.



Amit Chitale  
 Chief Financial Officer

Place : Mumbai  
 Date : January 17, 2023.



Monali Joshi  
 Company Secretary  
 Membership No : A36428

Place : Mumbai  
 Date : January 17, 2023.



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## **Innovsource Services Private Limited**

### **Notes to the Special Purpose Interim Financial Statements for the six month period ended September 30, 2022**

#### **1. Corporate Information**

Innovsource Services Private Limited (the "Company" or "ISPL") was originally incorporated as a private limited company on March 06, 2016, with Company Identification No: U74900MH2016PTC273940, under the Companies Act, 2013 (the "Act"). The Company is engaged in business of providing management advisory services and staffing services. The Company is a subsidiary of FirstMeridian Business Services Limited with effect from June 28, 2018. The registered office of the Company is located 501, Jollyboard Tower-1, I Think Techno Campus, Kanjurmarg (East), Mumbai 400042. The name of the ultimate Holding Company is Manpower Solutions Limited (Mauritius).

The Special Purpose Interim Financial Statements for the six month period ended September 30, 2022 were approved by the Board of Directors and authorized for issue on January 17, 2023.

#### **2. Basis of preparation, measurement and significant accounting policies**

##### **2.1 Basis of preparation**

The Special Purpose Interim Standalone Ind AS Financial Statements of the Company comprises the Special Purpose Standalone Balance Sheets as at September 30, 2022 and September 30, 2021, and the Special Purpose Standalone Statements of Profit and Loss (including Other Comprehensive Income), the Special Purpose Standalone Statements of Cash Flows and the Special Purpose Standalone Statements of Changes in Equity for the six month periods then ended and a summary of significant accounting policies and other explanatory information (together referred to as the "Special Purpose Interim Financial Statements").

The Special Purpose Interim Ind AS Financial Statements have been prepared in accordance with the recognition and measurement principles of Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") and other accounting standards prescribed under Section 133 of the Companies Act, 2013 (the "Act"), read with relevant rules issued thereunder and other accounting principles generally accepted in India. The accounting policies adopted for the preparation of the Special Purpose Interim Ind AS Financial Statements are consistent with those used for the preparation of financial statements for the year ended March 31, 2022. These Special Purpose Interim Ind AS Financial Statements includes comparative financial statements as at and for the six month period ended September 30, 2021.

The Special Purpose Interim Ind AS Financial Statements have been prepared by the Company for the purpose of preparation of Special Purpose Interim Consolidated Ind AS Financial Statements of the FirstMeridian Business Services Limited (the "Parent") and inclusion in the Draft Red Herring Prospectus (the "DRHP") in connection with the proposed initial public offering of the Parent. As a result, the Special Purpose Interim Ind AS Financial Statements may not be suitable for any another purpose.

The Special Purpose Interim Ind AS Financial Statements are presented in Indian Rupees and all amounts disclosed in the financial statements and notes have been rounded off to the nearest Million (as per the requirement of Schedule III), unless otherwise stated.

These notes provide a list of the significant accounting policies adopted in the preparation of these Special Purpose Interim Ind AS Financial Statements.

##### **a) 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.





**Innovsource Services Private Limited**

**Notes to the Special Purpose Interim Financial Statements for the six month period ended September 30, 2022**

- ii. Held primarily for the purpose of trading.
- iii. Expected to be realised within twelve months after the reporting period, or
- iv. 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:

- i. It is expected to be settled in normal operating cycle.
- ii. It is held primarily for the purpose of trading
- iii. It is due to be settled within twelve months after the reporting period, or
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

**b) Operating cycle**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act 2013. Based on the nature of services and the time taken between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of the classification of assets and liabilities into current and non-current.

**c) Basis of measurement**

**Basis of accounting**

The Company maintains its accounts on accrual basis following historical cost convention, except for certain assets and liabilities that are measured at fair value in accordance with Ind AS. Fair value measurements are categorised as below based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- i. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;
- ii. Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and
- iii. Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

Above levels of fair value hierarchy are applied consistently and generally, there are no transfers between the levels of the fair value hierarchy unless the circumstances change warranting such transfer

Further information about the assumptions made in measuring fair values is included in the following notes:

- Financial instruments
- Share-based payment arrangements



**d) Use of estimates and judgements**

In preparing these Special Purpose Interim Financial Statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively in the in the Special Purpose Statement of Profit and loss in the period in which the estimates are revised and in any future periods affected.

The areas involving critical estimates or judgements are:

- i. Determination of useful lives of property, plant and equipment and intangibles; (Note 2.2(a))
- ii. Impairment test of non-financial assets (Note 2.2(c))
- iii. Recognition of deferred tax assets; (Note 2.2 (k))
- iv. Recognition and measurement of provisions and contingencies; (Note 2.2(f))
- v. Fair value of financial instruments (Note 2.2 (d))
- vi. Impairment of financial assets (Note 2.2 (d))
- vii. Measurement of defined benefit obligations; (Note 2.2(i))

**2.2 Significant accounting policies**

**a) Property plant and equipment**

Recognition and measurement:

Items of property, plant and equipment, other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is carried at cost and is not depreciated. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes (after deducting trade discounts and rebates), any directly attributable costs of bringing the asset to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

Subsequent expenditure:

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Company and that the cost of the item can be reliably measured.

The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repair and maintenance are charged to the Special Purpose Statement of Profit and loss during the reporting period in which they are incurred.



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**Innovsource Services Private Limited**

**Notes to the Special Purpose Interim Financial Statements for the six month period ended September 30, 2022**

Depreciation:

Depreciation on property, plant and equipment, other than leasehold improvements, is provided under the straight-line method in the manner prescribed under Schedule II of the Act, except in the following case where the life is different than as indicated in Schedule II of the Act which is based on the technical evaluation of useful life carried out by the management:

Particulars	Useful life
Furniture & Fixture and office equipment	3- 5 years

Leasehold improvements are depreciated over the tenure of lease term.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**b) Intangible assets**

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the company's cash-generating units (or company of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in Special Purpose Statement of Profit and loss.

Other Intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangibles, excluding eligible development costs are not capitalized and the related expenditure is reflected in the Special Purpose Statement of Profit and loss in the period in which the expenditure is incurred.

Amortisation is calculated to write off the cost of intangible assets using the straight-line method over their estimated useful lives and is recognised in Profit or Loss.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.



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**c) Impairment of non-financial assets**

The Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an individual asset (or where applicable, that of cash generating unit (CGU) to which the asset belongs) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 (or CGU).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Special Purpose Statement of Profit and loss.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

**d) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts.

**Financial assets**

**Initial recognition and measurement**

Financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument. All financial assets other than those measured subsequently at fair value through profit and loss, are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

**Subsequent measurement**

For the purpose of subsequent measurement, financial assets are classified in following categories:

- Amortized cost,
- Fair value through profit (FVTPL)
- Fair value through other comprehensive income (FVTOCI)

on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortized cost:

A financial instrument is measured at the amortized cost if both the following conditions are met:



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**Innovsource Services Private Limited**

**Notes to the Special Purpose Interim Financial Statements for the six month period ended September 30, 2022**

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- 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.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Fair value through profit and loss ('FVTPL'):

All financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss with all changes recognized in the Special Purpose Statement of Profit and loss. Interest (basis EIR method) income from financial assets at fair value through profit or loss is recognised in the Special Purpose Statement of Profit and loss within finance income/ finance costs separately from the other gains/ losses arising from changes in the fair value.

Fair value through Other Comprehensive Income ('FVOCI')

Financial assets are measured at FVOCI if both the following conditions are met:

The asset is held within a business model whose objective is achieved by both

- collecting contractual cash flows and selling financial assets and
- contractual terms of the asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

After initial measurement, these assets are subsequently measured at fair value. Dividends, Interest income under effective interest method, foreign exchange gains and losses and impairment losses are recognized in the Special Purpose Statement of Profit and loss. Other net gains and losses are recognized in Other Comprehensive Income.

**Investment in subsidiaries**

Subsidiaries are those entities which the Company has the power to control if the (a) the Company has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns.

Investment in subsidiary is shown at cost less impairment. When an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the Special Purpose Statement of Profit and Loss. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Fair value through profit and loss ('FVTPL'):

All financial assets that do not meet the criteria for amortised cost or fair value through Other Comprehensive Income are measured at fair value through profit or loss with all changes recognized in the Special Purpose Statement of Profit and Loss. Interest (basis EIR method) income from financial assets at fair value through profit or loss is recognised in the Special Purpose Statement of Profit and Loss within finance income/ finance costs separately from the other gains/ losses arising from changes in the fair value.



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**Innovsource Services Private Limited**

**Notes to the Special Purpose Interim Financial Statements for the six month period ended September 30, 2022**

Fair value through Other Comprehensive Income ('FVOCI')

Financial assets are measured at FVOCI if both the following conditions are met:

The asset is held within a business model whose objective is achieved by both

- collecting contractual cash flows and selling financial assets and
- contractual terms of the asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

After initial measurement, these assets are subsequently measured at fair value. Dividends, Interest income under effective interest method, foreign exchange gains and losses and impairment losses are recognized in the Special Purpose Statement of Profit and Loss. Other net gains and losses are recognized in Other Comprehensive Income.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or a part of a Company of similar financial assets) is primarily derecognized (i.e. removed from the Company's Special Purpose Balance Sheet) when:

The contractual rights to receive cash flows from the financial asset have expired, or

The Company 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 Company has transferred substantially all the risks and rewards of the asset, or
- (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVTPL) are recognized in the Special Purpose Statement of Profit and loss. Gains and losses in respect of debt instruments measured at FVOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition.

**Impairment of financial assets**

In accordance with Ind-AS 109, the Company applies Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on the financial assets measured at amortized cost and debt instruments measured at FVOCI.

Loss allowances on trade receivables are measured following the 'simplified approach' at an amount equal to the lifetime ECL at each reporting date. In respect of other financial assets, the loss allowance is measured at 12 month ECL only if there is no significant deterioration in the credit risk since initial recognition of the asset or asset is determined to have a low credit risk at the reporting date.



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**Innovsource Services Private Limited**

**Notes to the Special Purpose Interim Financial Statements for the six month period ended September 30, 2022**

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

**Subsequent measurement**

Subsequent measurement is determined with reference to the classification of the respective financial liabilities.

Financial Liabilities at Fair Value through Profit or Loss (FVTPL):

A financial liability is classified as Fair Value through Profit or Loss (FVTPL) if it is classified as held-for trading or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in Special Purpose Statement of Profit and loss.

Financial Liabilities at amortized cost:

After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortized cost using the effective interest rate ("EIR") method.

Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The amortization done using the EIR method is included as finance costs in the Special Purpose Statement of Profit and loss.

**Derecognition**

A financial liability is derecognized 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 recognized in the Special Purpose Statement of Profit and loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

**e) Cash and Cash Equivalents**

Cash and cash equivalents in the Special Purpose Balance Sheet and Special Purpose Statement of Cash Flows includes cash at bank, cash, cheque, draft on hand and demand deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.



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**Innovsource Services Private Limited**

**Notes to the Special Purpose Interim Financial Statements for the six month period ended September 30, 2022**

**f) Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized when the enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognized as finance cost.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent asset is a possible asset that arises 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. Contingent assets are not recognized till the realization of the income is virtually certain. However the same are disclosed in the Special Purpose Financial Statements where an inflow of economic benefit is probable.

**g) Revenue recognition**

The company derives revenue primarily from General Staffing and Allied services.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over service to a customer. The method for recognising revenues and costs depends on the nature of the services rendered.

Revenue on time-and-material contracts are recognised as the related services are rendered and revenue from the end of the last invoicing to the reporting date is recognised as unbilled revenue.

Revenue from fixed-price, fixed time frame contracts, where the performance obligations are satisfied overtime and where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Revenues in excess of invoicing are classified as contract assets (referred to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (referred to as income received in advance).

- General Staffing and Allied Services:

Revenue from staffing services i.e., salary and incidental expenses of temporary associates along with services charges are recognised in accordance with the agreed terms as the related services are rendered.



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## Innovsource Services Private Limited

### Notes to the Special Purpose Interim Financial Statements for the six month period ended September 30, 2022

#### **h) Other income**

##### Interest income

For all debt instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate which exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset. When calculating the EIR the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayments, extensions, call and similar options); expected credit losses are considered if the credit risk on that financial instrument has increased significantly since initial recognition.

##### Dividend income

Dividends are recognised in the Special Purpose Statement of Profit and loss on the date on which the Company's right to receive payment is established.

##### Other Income

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

#### **i) Employee benefits**

##### (i) Short-term Employee benefits

Liabilities for wages and salaries, bonus and ex gratia including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are classified as short - term employee benefits and are recognized as an expense in the Special Purpose Statement of Profit and loss as the related service is provided.

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The obligation is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method.

A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### (ii) Post-Employment Benefits

###### Defined Contribution Plans:

A defined contribution plan is a post-employment benefit plan under which a Company pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes contribution to provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Employee State Insurance. Contribution paid or payable in respect of defined contribution plan is recognized as an expense in the year in which services are rendered by the employee.



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**Innovsource Services Private Limited**

**Notes to the Special Purpose Interim Financial Statements for the six month period ended September 30, 2022**

Defined Benefit Plans:

The Company's gratuity benefit scheme is a defined benefit plan. The liability is recognised in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gain losses and past service costs. The defined benefit/obligation are calculated at balance sheet date by an independent actuary using the projected unit credit method.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI).

The Company presents component of defined benefit cost on net basis after considering right to reimbursement related to such defined benefits.

(iii) Share-based payments

The cost of equity settled transactions is determined by the fair value at the grant date which is based on the Black Soles model. The grant date fair value of options is recognized as an employee expense with a corresponding increase in equity under 'Employee Stock Options Reserve' over the period that the employees become unconditionally entitled to the options. The expense is recorded separately for each vesting option of the award as if the award in substance, was multiple awards.

When the terms of an equity-settled award are modified, the minimum expense recognised in the expense had not been modified, if the original terms of the awards are met. An additional expense is recognised for any modification that increases the fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

**j) Leases**

As a Lessee:

The Company assesses whether a contract is or 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.

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.



**Innovsource Services Private Limited**

**Notes to the Special Purpose Interim Financial Statements for the six month period ended September 30, 2022**

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 lease liability is initially measured at amortized cost at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the Special Purpose Interim Balance Sheet. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets are presented as a separate line in the Special Purpose Balance Sheet. The right-of-use assets are initially recognized at cost which comprises of the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects



**Innovsource Services Private Limited**

**Notes to the Special Purpose Interim Financial Statements for the six month period ended September 30, 2022**

that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

**k) Taxation**

Income tax expense comprises current tax expense and deferred tax expense charge/(credit). It is recognized in Special Purpose Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. In which case, the tax is also recognized directly in equity or other comprehensive income, respectively.

Current tax

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the period and any adjustment to the tax payable or recoverable in respect of previous years. It is measured at the amount expected to be paid to (recovered from) the taxation authorities using the applicable tax rates and tax laws.

- Current tax assets and liabilities are offset only if, the Company has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purpose and the amount considered for tax purpose.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized such reductions are reversed when it becomes probable that sufficient taxable profits will be available.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be recovered.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- i) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.



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**Innovsource Services Private Limited**

**Notes to the Special Purpose Interim Financial Statements for the six month period ended September 30, 2022**

**l) Foreign currency**

Foreign currency transactions:

Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Exchange differences arising on the settlement or translation of monetary items are recognized in profit or loss in the period in which they arise.

**m) Dividend**

The Company recognizes a liability for any dividend declared but not distributed at the end of the reporting period, when the distribution is authorized and the distribution is no longer at the discretion of the Company on or before the end of the reporting period.

**n) Earnings per share:**

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The Company did not have any potentially dilutive securities in any of the period presented except for the six month period ended September 30, 2022. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Parent Company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares for the six month period ended September 30, 2022.

**o) Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) 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 item of income or expenses associated with investing or financing cash flows. Cash flows for the period are classified by operating, investing and financing activities.

**p) Exceptional Items**

Exceptional items refer to items of income or expense within the income statement from ordinary activities which are material and non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company and to assist users of the Special Purpose Interim Financial Statements.

**2.3 Recent pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. MCA has not notified any new standards or amendments to the existing standards applicable to the Company as on date of approval of these Special Purpose Interim Financial Statements



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**3 Property, plant and equipment**

Particulars	Gross carrying amount (at cost)				Depreciation				Net carrying amount
	As at April 01, 2022	Additions	Disposals	As at September 30, 2022	As at April 01, 2022	For the period	Disposals	As at September 30, 2022	As at September 30, 2022
Data processing machines (Computer)	55.97	4.61	(5.87)	54.71	35.77	6.20	(5.72)	36.25	18.46
Furniture and fixtures	34.21	0.87	(2.04)	33.04	18.41	2.84	(1.75)	19.50	13.54
Office equipment	41.58	1.30	(5.42)	37.46	30.03	3.07	(5.16)	27.94	9.52
<b>Total</b>	<b>131.76</b>	<b>6.78</b>	<b>(13.33)</b>	<b>125.21</b>	<b>84.21</b>	<b>12.11</b>	<b>(12.63)</b>	<b>83.69</b>	<b>41.52</b>

Particulars	Gross carrying amount (at cost)				Depreciation				Net carrying amount
	As at April 01, 2021	Additions	Disposals	As at September 30, 2021	As at April 01, 2021	For the period	Disposals	As at September 30, 2021	As at September 30, 2021
Data processing machines (Computer)	48.90	4.31	(0.87)	52.34	25.86	6.23	(0.62)	31.47	20.87
Furniture and fixtures	31.37	0.43	(0.05)	31.75	12.81	2.87	(0.04)	15.64	16.11
Office equipment	35.74	6.69	(1.11)	41.32	24.35	3.99	(0.91)	27.43	13.89
<b>Total</b>	<b>116.01</b>	<b>11.43</b>	<b>(2.03)</b>	<b>125.41</b>	<b>63.02</b>	<b>13.09</b>	<b>(1.57)</b>	<b>74.54</b>	<b>50.87</b>

3.1 There are no capital-work-in-progress during each reporting period and therefore Schedule III additional disclosures for ageing and completion schedule of Capital work-in-progress is not applicable.

3.2 The Company does not hold any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deeds are not held in the name of the Company.

3.3 The Company has not revalued its property, plant and equipment as on each reporting period and therefore Schedule III disclosure requirements with respect to fair value details is not applicable.

3.4 There are no impairment losses recognised during each reporting period.

**4 Goodwill**

Particulars	Gross carrying amount(at cost)			Impairment Loss			Net carrying amount
	As at April 01, 2022	Recognised on acquisition of business	As at September 30, 2022	As at April 01, 2022	For the period	As at September 30, 2022	As at September 30, 2022
Goodwill	753.84	-	753.84	-	-	-	753.84
<b>Total</b>	<b>753.84</b>	<b>-</b>	<b>753.84</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>753.84</b>

Particulars	Gross carrying amount(at cost)			Impairment Loss			Net carrying amount
	As at April 01, 2021	Recognised on acquisition of business	As at September 30, 2021	As at April 01, 2021	For the period	As at September 30, 2021	As at September 30, 2021
Goodwill	753.84	-	753.84	-	-	-	753.84
<b>Total</b>	<b>753.84</b>	<b>-</b>	<b>753.84</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>753.84</b>



4.1 Impairment of goodwill

Carrying amount of goodwill is ₹ 753.84 Million (September 30, 2021 is ₹753.84 Million) has been allocated to the Staffing services segment. This goodwill is acquired on account of business combination.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the only cash generating units (CGU) comprising of the Staffing and allied services which benefit from the synergies of the acquisition.

The recoverable amount of a CGU is based on its value in use. The value in use is estimated using discounted cash flows over a period of 5 years. We believe 5 years to be most appropriate time scale over which to review and consider annual performance before applying a fix terminal value multiple to year end cash flow.

Operating margins and growth rates for the five year cash flow projections have been estimated based on past experience and after considering the financial budgets/ forecasts approved by management. Other key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Key assumptions used in the value-in-use calculations

Assumptions	How determined
Budgeted EBITDA growth rate	Budgeted EBITDA has been based on past experience adjusted for the following: - Revenue in the Staffing service is expected to grow on account of planned growth plan and industry expansion in general. Revenue and EBITDA are factored by focused approach towards network expansion, operational efficiencies and inter group customer relationship synergies.
Terminal value growth rate	Long-term growth rate used for the purpose of calculation of terminal value has been determined by taking into account nature of business , long term inflation expectation and long term GDP expectation for the Indian economy.
Pre-tax risk adjusted discount rate	The discount rate applied to the cash flows of the Company's operations is generally based on the risk free rate for ten year bonds issued by the government in India. These rates are adjusted for a risk premium to reflect the systematic risk of the Company.

Particulars	As at September 30, 2022	As at September 30, 2021
Pre tax risk adjusted discount rate	13.00%	16.00%
Terminal value growth rate	5.00%	5.00%
Budgeted EBITDA growth rate	10-20%	10-20%

These assumptions are reviewed annually as part of management's budgeting and strategic planning cycles. These estimates may differ from actual results. The values assigned to each of the key assumptions reflect the Management's past experience as their assessment of future trends, and are consistent with external/internal sources of information.

The estimated receivable amount of CGU exceeds its carrying amount during each reporting period and therefore no impairment was recognised.

The Company has also performed sensitivity analysis calculations on the projections used and discount rate applied. Given the significant headroom that exists, and the results of the sensitivity analysis performed, it is concluded that there is no significant risk that reasonable changes in any key assumptions would cause the carrying value of goodwill to exceed its value in use.

5 Other intangible assets

Particulars	Gross carrying amount(at cost)				Amortisation				Net carrying amount As at September 30, 2022
	As at April 01,2022	Additions	Disposals	As at September 30, 2022	As at April 01,2022	For the period	Disposals	As at September 30, 2022	
Software rights	59.77	10.08	(0.19)	69.66	36.37	6.77	(0.19)	42.95	26.71
Right to use trademark	37.62	-	-	37.62	16.37	2.09	-	18.46	19.16
<b>Total</b>	<b>97.39</b>	<b>10.08</b>	<b>(0.19)</b>	<b>107.28</b>	<b>52.74</b>	<b>8.86</b>	<b>(0.19)</b>	<b>61.41</b>	<b>45.87</b>

Particulars	Gross carrying amount(at cost)				Amortisation				Net carrying amount As at September 30, 2021
	As at April 01,2021	Additions	Disposals	As at September 30, 2021	As at April 01,2021	For the period	Disposals	As at September 30, 2021	
Software rights	46.05	6.73	(0.02)	52.76	26.35	4.45	(0.02)	30.78	21.98
Right to use trademark	37.62	-	-	37.62	12.54	2.09	-	14.63	22.99
<b>Total</b>	<b>83.67</b>	<b>6.73</b>	<b>(0.02)</b>	<b>90.38</b>	<b>38.89</b>	<b>6.54</b>	<b>(0.02)</b>	<b>45.41</b>	<b>44.97</b>

5.1 There are no intangible assets under development during each reporting period and therefore Schedule III additional disclosures for ageing and completion schedule of intangible assets under development is not applicable.

5.2 The Company has not revalued its intangible assets as on each reporting period and therefore Schedule III disclosure requirements with respect to fair value details is not applicable.



6 Investment in subsidiary

Particulars	As at September 30, 2022	As at September 30, 2021
<b>R Labs Enterprise Services Limited</b>		
55,41,905 Equity Shares of the face value of ₹ 10/- each fully paid-up (September 30, 2021: Nil)	426.56	-
<b>Total</b>	<b>426.56</b>	<b>-</b>
Aggregate carrying amount of unquoted investments	426.56	-

Note:

The Company has acquired 66% of equity of Rlabs Enterprise Services Limited, pursuant to a share purchase agreement dated February 02, 2022 at a cash consideration of ₹ 400.07 million, subsequently the Company has paid an additional consideration of ₹ 26.49 million on July 28, 2022.

7 Other financial assets

Particulars	As at September 30, 2022	As at September 30, 2021
<b>Non-current</b>		
Advance towards purchase of investment	55.00	-
Deposit for premises		
- unsecured, considered good	41.10	33.91
- unsecured, considered doubtful	22.47	19.47
Less: Provision for doubtful deposits	(22.47)	(19.47)
	<b>96.10</b>	<b>33.91</b>
Rights towards reimbursable gratuity and compensated absence	558.66	512.10
<b>Total</b>	<b>654.76</b>	<b>546.01</b>
<b>Current</b>		
Advance to employees		
- unsecured, considered good	10.51	13.96
- unsecured, considered doubtful	2.51	2.33
Less: Provision for doubtful advance	(2.51)	(2.33)
	<b>10.51</b>	<b>13.96</b>
Accrued interest on fixed deposits	0.17	8.11
Unbilled revenue	826.15	858.75
Security deposits (unsecured, considered good)	16.60	21.71
<b>Total</b>	<b>853.43</b>	<b>902.53</b>

7.1 During each reporting period, there were no loans or advances in the nature of loans granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person by the Company.

7.2 During each reporting period, the Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (intermediaries) for the purpose of lending, investing or providing guarantee or security.

8 Deferred tax liability (net)

8.1 Movement in deferred tax balances

Particulars	For the six month period ended September 30, 2022			
	Opening balance as at April 1, 2022	Recognised in profit or loss	Recognised in OCI	Closing balance as at September 30, 2022
<b>Deferred tax assets/(liabilities) in relation to:</b>				
Provision for employee benefits (net-off reimbursable rights)	53.00	13.79	(0.01)	66.78
Property, plant and equipment and goodwill	(184.39)	1.59	-	(182.80)
Lease liability and right-to-use assets	1.56	0.21	-	1.77
Provision for doubtful debts	16.93	(6.74)	-	10.19
Impact of deduction of section 80JJAA of Income Tax Act, 1961	75.50	(50.34)	-	25.16
<b>Net deferred tax liabilities</b>	<b>(37.40)</b>	<b>(41.49)</b>	<b>(0.01)</b>	<b>(78.90)</b>

8.2 Movement in deferred tax balances

Particulars	For the six month period ended September 30, 2021			
	Opening balance as at April 1, 2021	Recognised in profit or loss	Recognised in OCI	Closing balance as at September 30, 2021
<b>Deferred tax assets/(liabilities) in relation to:</b>				
Provision for employee benefits (net-off reimbursable rights)	46.27	21.74	0.24	68.25
Property, plant and equipment and goodwill	(185.23)	0.68	-	(184.55)
Lease liability and right-to-use assets	0.70	0.51	-	1.21
Provision for doubtful debts	16.37	0.03	-	16.40
<b>Net deferred tax liabilities</b>	<b>(121.89)</b>	<b>22.96</b>	<b>0.24</b>	<b>(98.69)</b>

9 Trade receivables

Particulars	As at September 30, 2022	As at September 30, 2021
Unsecured, considered good	1,212.41	685.94
Unsecured, credit impaired	13.87	43.37
	<b>1,226.28</b>	<b>729.31</b>
Less: Allowance for doubtful debts (expected credit loss allowances)	(13.87)	(43.37)
<b>Total</b>	<b>1,212.41</b>	<b>685.94</b>

9.1 There are no dues from directors or other officers of the company either severally or jointly with any other person, due from firms or private companies respectively in which any director is a partner, a director or a member, other than as disclosed in the Related party details (refer note 30).

9.2 The average credit period is upto 60 days. No interest is charged on trade receivables.

9.3 Trade receivables are secured against bank overdraft (refer note 15).

9.4 Trade receivables have been assigned (pari-passu) to Standard Chartered Bank against the overdraft facility taken by the Company (refer note 15 for details on borrowings).

9.5 Movement of allowance of doubtful receivables

Particulars	For the six month period ended September 30, 2022	For the six month period ended September 30, 2021
Balance at the beginning of the period	43.37	43.37
Allowance for doubtful debts (net)	(29.50)	-
<b>Balance at the end of the period</b>	<b>13.87</b>	<b>43.37</b>

9.6 Trade receivables have been assigned (pari-passu) to ICICI Bank against the overdraft facility taken (Refer note 15 for details on borrowings).





9.7 Trade receivable ageing schedule:

As at September 30, 2022

Particulars	Less than 6 months	6 months- 1 year	1 - 2 years	2-3 years	More than 3 years	Total
<b>Undisputed:</b>						
Considered good	1,188.97	23.44	-	-	-	1,212.41
Credit impaired	-	0.06	6.75	2.91	4.15	13.87
<b>Disputed:</b>						
Considered good	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-
<b>Gross carrying amount</b>	<b>1,188.97</b>	<b>23.50</b>	<b>6.75</b>	<b>2.91</b>	<b>4.15</b>	<b>1,226.28</b>

As at September 30, 2021

Particulars	Less than 6 months	6 months- 1 year	1 - 2 years	2-3 years	More than 3 years	Total
<b>Undisputed:</b>						
Considered good	680.53	5.41	-	-	-	685.94
Credit impaired	28.88	5.41	4.76	2.40	1.92	43.37
<b>Disputed:</b>						
Considered good	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-
<b>Gross carrying amount</b>	<b>709.41</b>	<b>10.82</b>	<b>4.76</b>	<b>2.40</b>	<b>1.92</b>	<b>729.31</b>

For the purpose of presentation of the ageing schedule, the invoice date has been considered as the due date by the Company. Accordingly, there are no "not due" invoices as at each reporting period.

10 Cash and cash equivalents

Particulars	As at September 30, 2022	As at September 30, 2021
Balances with banks		
- in current account	129.87	5.37
- in deposits accounts - original maturity of three months or less	591.49	250.54
<b>Total</b>	<b>721.36</b>	<b>255.91</b>

10.1 There are no repatriation restrictions with regard to cash and cash equivalents as at each reporting period.

11 Other bank balances

Particulars	As at September 30, 2022	As at September 30, 2021
Deposits with maturity of more than three months but less than 12 months	-	452.31
<b>Total</b>	<b>-</b>	<b>452.31</b>

12 Other current assets

Particulars	As at September 30, 2022	As at September 30, 2021
Prepaid expenses (unsecured, considered good)	48.74	37.80
Balances with government authorities	3.22	0.19
Advance to supplier		
- considered good	6.27	8.13
- considered doubtful	0.98	2.32
Less - Provision for doubtful advance	(0.98)	(2.32)
	6.27	8.13
Other current assets		
- considered good	7.66	2.91
- considered doubtful	0.62	0.62
Less - Provision for doubtful other current assets	(0.62)	(0.62)
	7.66	2.91
<b>Total</b>	<b>65.89</b>	<b>49.03</b>



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**13 Equity share capital**

Particulars	As at September 30, 2022	As at September 30, 2021
<b>Authorised share capital</b>		
11,90,00,000 (September 30, 2021 : 11,90,00,000) Equity Shares of ₹ 10/- each	1,190.00	1,190.00
<b>Issued and subscribed capital comprises:</b>		
11,53,30,000 Equity Shares of ₹ 10/- each Fully Paid up	1,153.30	1,153.30
<b>Total</b>	<b>1,153.30</b>	<b>1,153.30</b>

**13.1 Reconciliation of equity shares outstanding at the beginning and at the end of the period**

Particulars	As at September 30, 2022	
	Number of Shares	Amount
<b>Equity Shares</b>		
<b>At the commencement of the period</b>		
Fully paid up	115,330,000	1,153.30
<b>Movement during the period</b>		
Issued during the period (fully paid up)	-	-
<b>At the end of the period</b>	<b>115,330,000</b>	<b>1,153.30</b>

**13.2 Terms right attached to the equity shares**

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity share will be entitled to receive any of the remaining assets of the Company, after distribution of all the preferential amounts. The distribution will be in proportion to the number of equity shares held

**13.3 Details of shares held by each shareholder holding more than 5% shares including nominee share holder**

Name of the shareholder	As at September 30, 2022	
	Number of Shares	% of Holding
<b>Fully paid equity shares</b>		
FirstMeridian Business Services Limited* (including nominee)	115,330,000	100.00%
	115,330,000	100.00%

**13.4 Shareholding of Promoters**

Promoter	As at September 30, 2022	As at September 30, 2021
FirstMeridian Business Services Limited* (including nominee)		
Number of shares	115,330,000	115,330,000
% of Holding	100%	100%
% Change during the period	-	-

\* Formerly known as FirstMeridian Business Services Private Limited.

**14 Other equity**

Particulars	As at September 30, 2022	As at September 30, 2021
Retained earnings	430.19	312.76
<b>Total</b>	<b>430.19</b>	<b>312.76</b>

**14.1 Retained earnings**

Particulars	As at September 30, 2022	As at September 30, 2021
<b>Balance at the beginning of period</b>	400.80	198.94
Profit attributable to owners of the Company	29.34	114.53
Net gain/(loss) on remeasurements of the defined benefit plans (net of taxes)	0.05	(0.71)
<b>Balance at the end of period</b>	<b>430.19</b>	<b>312.76</b>

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance in this reserve and also considering the requirements of the Companies Act, 2013. Thus the amounts reported above are not distributable in entirety. It includes impact of actuarial gains and losses on the funded obligation due to change in financial assumptions, change in demographic assumption, experience adjustments, etc. recognised through other comprehensive income.

**14.2** The Company is compliant with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017).

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**15 Borrowings**

Particulars	As at September 30, 2022	As at September 30, 2021
<b>Current:</b>		
Loan repayable on demand from bank (Secured- at amortised cost) (refer note 15.2)	500.68	0.46
<b>Unsecured at amortised cost (refer note 15.1)</b>		
Term loan from related party	250.00	-
	<b>750.68</b>	<b>0.46</b>

- 15.1 Term loan is taken from related party with interest rate @ 7% per annum during the financial year 2022-23 . (Refer Note 30 - related party disclosure).
- 15.2 The Company has taken cash credit and overdraft facilities from Standard Chartered Bank. These facilities are repayable on demand and are secured primarily by way of pari passu first charge on the entire current assets of the Company and also on the current assets of the co borrower a) V5 Global Services Private Limited and b) Affluent Global Services Private Limited c) CBSI India Private Limited.
- 15.3 The Company has obtained an overdraft facility from ICICI bank. The facilities are repayable on demand and are secured by way of pari passu charge on the current assets and moveable plant and machinery of the Company. This facility is bearing an interest rate of 7.75%p.a.
- 15.4 The Company has not received any fund during each reporting period from any person or entity, including foreign for the purpose of lending, investing or providing guarantee or security.
- 15.5 During each reporting period, the Company has not defaulted in filing any charge or satisfaction of charge to Registrar of Companies.
- 15.6 During each reporting period, the Company has not been declared wilful defaulter by the banks and has been regular in satisfying its dues, outstanding to banks.
- 15.7 The Company is not required to submit quarterly statements to the banks based on books of accounts.
- 15.8 In relation to the specific purposes term loans and borrowings as disclosed under Non-current borrowings, the Company has used the funds for the purposes for which they were taken.

**16 Provisions**

Particulars	As at September 30, 2022	As at September 30, 2021
<b>Non current:</b>		
Provision for gratuity (refer note 32)	432.33	339.03
	<b>432.33</b>	<b>339.03</b>
<b>Current</b>		
Provision for compensated absence	147.20	193.98
	<b>147.20</b>	<b>193.98</b>



17 Trade payables

Particulars	As at September 30, 2022	As at September 30, 2021
Total outstanding dues of micro and small enterprises	0.09	0.39
Total outstanding dues of creditors other than micro and small enterprises	60.57	78.81
<b>Total</b>	<b>60.66</b>	<b>79.20</b>

17.1 Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act)

Particulars	As at September 30, 2022	As at September 30, 2021
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting period	0.09	0.39
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting period	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day.	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED Act.	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting period.	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

17.2 The average credit period of trade payables is upto 45 days. No interest is charged by vendors.

17.3 Trade Payable Ageing Schedule

As at September 30, 2022						
Particulars	Unbilled dues	Less than 1 year	1 - 2 years	2-3 years	More than 3 years	Total
<b>Disputed:</b>						
Micro, Small and Medium Enterprises (MSME)	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>Others:</b>						
Micro, Small and Medium Enterprises (MSME)	-	0.09	-	-	-	0.09
Others	11.72	46.82	1.84	0.10	0.09	60.57

As at September 30, 2021						
Particulars	Unbilled dues	Less than 1 year	1 - 2 years	2-3 years	More than 3 years	Total
<b>Disputed:</b>						
Micro, Small and Medium Enterprises (MSME)	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>Others:</b>						
Others	-	0.39	-	-	-	0.39
Micro, Small and Medium Enterprises (MSME)	45.45	32.56	0.53	0.04	0.23	78.81

For the purposes of presentation of the aging schedule, the invoice date has been considered as the due date by the Company. Accordingly, there are no "not due" invoices.

18 Other financial liabilities

Particulars	As at September 30, 2022	As at September 30, 2021
Accrued compensation to employees	1,497.14	1,268.23
Accrued interest but not due	4.11	-
Others	74.53	78.72
<b>Total</b>	<b>1,575.78</b>	<b>1,346.95</b>

19 Other current liabilities

Particulars	As at September 30, 2022	As at September 30, 2021
Statutory liabilities	545.57	447.44
<b>Total</b>	<b>545.57</b>	<b>447.44</b>



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**20 Revenue from operations**

Particulars	For the six month period ended September 30, 2022	For the six month period ended September 30, 2021
Sale of services	8,918.96	7,351.47
<b>Total</b>	<b>8,918.96</b>	<b>7,351.47</b>

**21 Other income**

Particulars	For the six month period ended September 30, 2022	For the six month period ended September 30, 2021
Interest on:		
-Bank deposits (at amortised cost)	2.17	12.79
-Security deposits (at amortised cost)	0.99	0.99
Gain on disposal of property, plant and equipment	-	0.28
Gain on early termination of leases	0.79	1.01
Provision no longer required	14.27	-
Miscellaneous income	0.01	-
<b>Total</b>	<b>18.23</b>	<b>15.07</b>

**22 Employee benefits expense**

Particulars	For the six month period ended September 30, 2022	For the six month period ended September 30, 2021
Salaries and wages*	7,772.57	6,359.21
Contribution to provident and other funds (refer note 32(i))	711.06	607.13
Gratuity (refer note 32(ii))	1.49	1.11
Staff welfare expenses	45.15	57.86
<b>Total</b>	<b>8,530.27</b>	<b>7,025.31</b>

\*Net of unclaimed dues written back of ₹ 97.88 million & ₹ 49.61 million for the six month period ended September 30, 2022 and September 30, 2021, respectively.

**23 Finance Costs**

Particulars	For the six month period ended September 30, 2022	For the six month period ended September 30, 2021
Interest on borrowings	14.22	2.80
Interest on lease liability (refer note 29)	6.63	6.35
Interest on others	1.14	0.11
<b>Total</b>	<b>21.99</b>	<b>9.26</b>

**24 Depreciation and amortisation expense**

Particulars	For the six month period ended September 30, 2022	For the six month period ended September 30, 2021
Depreciation of property, plant and equipment	12.11	13.09
Depreciation of right-of-use assets (refer note 29)	37.64	33.10
Amortisation of intangible assets	8.86	6.54
<b>Total</b>	<b>58.61</b>	<b>52.73</b>



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**25 Other expenses**

Particulars	For the six month period ended September 30, 2022	For the six month period ended September 30, 2021
Auditor's remuneration (refer note 25.1)	1.20	1.20
Communication expenses	11.75	10.99
Power and fuel	11.72	8.91
Rent (refer note 29)	10.09	14.24
Repairs & maintenance	8.03	6.88
Rates & taxes	0.17	0.07
Provision for doubtful trade and other receivables	4.62	2.32
Professional and consultancy fees	9.38	7.04
Business support fee	65.43	54.81
Recruitment and training expenses	5.81	6.06
Security expenses	0.84	1.61
Subcontracting charges	92.00	53.49
Printing & stationery	6.02	5.53
Loss on disposal of property, plant and equipment	0.20	-
Travelling and conveyance	12.98	5.31
Expense towards corporate social responsibility (refer note 25.2)	1.45	1.10
Miscellaneous expenses	13.80	8.12
<b>Total</b>	<b>255.49</b>	<b>187.68</b>

**25.1 Payments to auditors**

Particulars	For the six month period ended September 30, 2022	For the six month period ended September 30, 2021
a) For statutory audit	0.95	0.95
b) Tax audit	0.13	0.13
c) For other services	0.12	0.12
<b>Total</b>	<b>1.20</b>	<b>1.20</b>

**25.2 Details of Corporate Social Responsibility ("CSR")**

Particulars	For the six month period ended September 30, 2022	For the six month period ended September 30, 2021
Amount required to be spent by the Company during the period	1.45	1.10
Amount of expenditure incurred	-	-
Unpaid at the end of the period	1.45	1.10
Shortfall as at the end of the period	-	-
Total of previous periods shortfall at the beginning of the period	-	-
Reason for shortfall	NA	NA
Nature of CSR activities	NA	NA
Details of related party transactions E.g. Contribution to a trust controlled by the Company in relation of CSR expenditure as per relevant Accounting Standard	NA	NA
Provision in respect of CSR as at the end of the period	1.45	1.10



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## 26 Tax Expense

## 26.1 Income tax expense in Statement of Profit and Loss consists of

Particulars	For the six month period ended September 30, 2022	For the six month period ended September 30, 2021
<b>Current tax expense / (reversal)</b> In respect of the current period	-	-
<b>Deferred tax charge/(credit) :</b> In respect of the current period	41.49	(22.97)
<b>Total income tax charge/ (credit) recognised in the reporting period</b>	<b>41.49</b>	<b>(22.97)</b>

## 26.2 Income tax reconciliation

Particulars	For the six month period ended September 30, 2022	For the six month period ended September 30, 2021
Profit before tax	70.83	91.56
Income tax rate (including surcharge)	25.17%	25.17%
<b>Income tax expense calculated (including surcharge)</b>	<b>17.83</b>	<b>23.04</b>
Effect of expenses not deductible in determining taxable profits	1.93	23.08
80JJAA tax reversed/(incentives) and others	21.73	(69.09)
<b>Income tax charge/ (credit) recognised in Statement of Profit and Loss</b>	<b>41.49</b>	<b>(22.97)</b>

## 26.3 Income tax recognised in Other comprehensive income

Particulars	For the six month period ended September 30, 2022	For the six month period ended September 30, 2021
<b>Deferred tax benefit</b>		
<b>Arising on (expense)/income recognised in other comprehensive income</b> (Loss)/gain on remeasurements of the defined benefit plans	(0.01)	0.24
<b>Income tax (expense)/income recognised in other comprehensive income</b>	<b>(0.01)</b>	<b>0.24</b>

26.4 During each reporting period, the Company does not have any transaction that were not recorded in the books of accounts and were surrendered or disclosed in the income tax assessments under the Income Tax Act, 1961.

## 27 Earnings per equity share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per equity share are as follows:

Particulars	For the six month period ended September 30, 2022	For the six month period ended September 30, 2021
<b>Basic earning per equity share has been computed as under:</b>		
Profit for the period attributable to the owners of the company	29.34	114.53
Weighted average number of equity shares outstanding during the period (in million)	115.33	115.33
Face value per equity share (₹)	10.00	10.00
<b>Earnings per equity share (₹) - Basic</b>	<b>0.25</b>	<b>0.99</b>

Particulars	For the six month period ended September 30, 2022	For the six month period ended September 30, 2021
<b>Diluted earning per equity share has been computed as under:</b>		
Profit/(loss) for the period attributable to the owners of the company	29.34	114.53
Weighted average number of equity shares as adjusted for the effects of all dilutive potential equity shares outstanding during the period (in million)	115.33	115.33
Face value per equity share (₹)	10.00	10.00
<b>Earnings per equity share (₹) - Diluted</b>	<b>0.25</b>	<b>0.99</b>



**28 Contingent liabilities (to the extent not provided for)**

Particulars	As at September 30, 2022	As at September 30, 2021
Claims not acknowledged as debts (refer note 28.1)	6.06	13.17
Income tax	65.27	-

**28.1** Claims not acknowledged as debts principally relates to cases lodged by employees against the Company. It also includes cases lodged by employees against the erstwhile holding Company relating to staffing business, which are now a contingent liability for the Company in lieu of the purchase of staffing business from the erstwhile holding Company. The Management believes, based on issues involved, that no material liabilities will accrue in respect of these cases and accordingly no cash outflow is expected and the management believes that based on the nature of cases, the claims are not expected to be material.

**28.2 Provident fund**

On February 28, 2019, the Hon'ble Supreme Court of India delivered a judgment clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund (PF) contributions need to be made by establishments. The Company has been legally advised that there are various interpretative challenges on the application of the judgment retrospectively. The Management do not expect any outflow of resources as there was no demand raised for the above matter as a part of inspection performed by Regional Provident Fund Authority for the Company.

**29 Leases**

**29.1** The effect of depreciation and interest related to Right of use asset and lease liability are reflected in the Statement of Profit and Loss under the heading "Finance costs" and "Depreciation and amortisation expense" respectively under Note No 23 and 24.

**29.2** The weighted average incremental borrowing rate applied to lease liabilities is as follows :

a. Leases entered up to March 31, 2020	10%p.a
b. Leases taken after March 31, 2020	7.5%p.a

**29.3** Following are the changes in the carrying value of right of use assets for the period ended:

Particulars	Office Space	Furniture & Fittings	Total
<b>Balance as at April 1, 2021</b>	<b>171.42</b>	<b>0.21</b>	<b>171.63</b>
Additions for the period	33.49	-	33.49
Depreciation for the period	(33.01)	(0.09)	(33.10)
Deletions for the period	(11.19)	(0.12)	(11.31)
<b>Balance as at September 30, 2021</b>	<b>160.71</b>	<b>(0.00)</b>	<b>160.71</b>
<b>Balance as at April 1, 2022</b>	<b>176.52</b>	<b>(0.01)</b>	<b>176.51</b>
Additions for the period	48.15	-	48.15
Depreciation for the period	(37.64)	-	(37.64)
Deletions for the period	(15.05)	-	(15.05)
<b>Balance as at September 30, 2022</b>	<b>171.98</b>	<b>(0.01)</b>	<b>171.97</b>

The Company has not revalued its property, plant and equipment during each reporting period and therefore Schedule III disclosure requirements with respect to fair value details is not applicable.

**29.4** The following is the break-up of current and non-current lease liabilities as at :

Particulars	As at September 30, 2022	As at September 30, 2021
<b>Lease liabilities</b>		
Current	63.47	56.53
Non-current	115.54	109.01
<b>Total</b>	<b>179.01</b>	<b>165.54</b>

**29.5** The following is the movement in lease liabilities:

Particulars	Amount
<b>Balance as at April 1, 2021</b>	<b>174.43</b>
Additions for the period	32.82
Deletions for the period	(11.83)
Finance cost accrued during the period	6.35
Payment of lease liabilities	(36.23)
<b>Balance as at September 30, 2021</b>	<b>165.54</b>
<b>Balance as at April 1, 2022</b>	<b>182.70</b>
Additions for the period	46.92
Deletions for the period	(16.06)
Finance cost accrued during the period	6.63
Payment of lease liabilities	(41.18)
<b>Balance as at September 30, 2022</b>	<b>179.01</b>

**29.6** The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at September 30, 2022	As at September 30, 2021
Not later than 1 year	73.77	66.38
Later than 1 year and not later than 5 years	122.94	119.94
Later than 5 years	3.44	-
	<b>200.15</b>	<b>186.32</b>

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

**29.7** Amounts recognised in Statement of Profit and Loss

Particulars	As at September 30, 2022	As at September 30, 2021
Depreciation expense on right-of-use assets	37.64	33.10
Interest expense on lease liabilities	6.63	6.35
Expense relating to short-term leases	10.09	14.24
Gain on early termination of lease liability	0.79	1.01

**29.8** Total cashflow's disclosure :

The total cash outflow for leases is ₹ 51.27 million (for the period ended September 30, 2021: ₹50.47 million) includes cash outflow from short term and long term leases.





**30 Related parties transactions**

**30.1 Names of the related parties and related party relationships**

Particulars	Relationship
Manpower Solutions Limited (Mauritius)	Ultimate Holding Company
FirstMeridian Business Services Limited (Formerly known as FirstMeridian Business Services Private Limited)	Holding Company
Innovsource Facilities Private Limited	Fellow Subsidiary
V5 Global Services Private Limited	Fellow Subsidiary
CBSI India Private Limited	Fellow subsidiary
Linktag Global Services Private Limited (upto April 1, 2021)	Fellow subsidiary (Subsidiary of Affluent Global Services Private Limited)
Affluent Global Services Private Limited	Fellow Subsidiary
R Labs Enterprise Services Limited (w.e.f. February 2, 2022)	Subsidiary
<b>Key Management Personnel</b>	
Sudhakar Balakrishnan	Director
Nilay Pratik	Director
Pooja Prabhakar (w.e.f. July 05, 2022)	Independent Director
Anand Sundar Raj (w.e.f. April 01, 2021)	Chief Executive Officer
Amit Chitale	Chief Financial Officer
Monali Joshi	Company Secretary

**30.2 Details of related party transactions**

Particulars	For the six month period ended September 30, 2022	For the six month period ended September 30, 2021
<b>Sale of services</b>		
FirstMeridian Business Services Limited	0.31	-
Innovsource Facilities Private Limited	5.44	5.40
V5 Global Services Private Limited	1.40	-
Affluent Global Services Private Limited	0.41	-
CBSI India Private Limited	0.09	-
<b>Sale of Asset</b>		
CBSI India Private Limited	-	0.02
<b>Business support fee*</b>		
FirstMeridian Business Services Limited	65.43	55.63
<b>Professional and consultancy fees</b>		
V5 Global Services Private Limited	-	0.13
<b>Miscellaneous expenses</b>		
Innovsource Facilities Private Limited	-	0.33
<b>Subcontracting expense</b>		
Innovsource Facilities Private Limited	17.63	12.60
<b>Salaries and wages- Share Based Payments (Net off Forfeiture)</b>		
FirstMeridian Business Services Limited	4.27	3.28
<b>Interest on borrowings</b>		
FirstMeridian Business Services Limited	4.57	-
<b>IT Development and Management charges</b>		
FirstMeridian Business Services Limited	9.97	6.15
<b>Purchase of Investment</b>		
Investment in subsidiary (R Labs Enterprise Services Limited)	26.49	-
<b>Proceeds from short term borrowing</b>		
FirstMeridian Business Services Limited	250.00	-
<b>Remuneration to key managerial personnel#</b>		
	3.21	2.42

\*Business support fees also include amount paid to key managerial personnel.



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**Innovsource Services Private Limited**

**Notes to the Special Purpose Interim Financial Statements for the six month period ended September 30, 2022**

All amounts are ₹ in million unless otherwise stated

**30.3 Details of related party closing balances**

Particulars	As at September 30, 2022	As at September 30, 2021
<b>Trade receivable</b>		
FirstMeridian Business Services Limited	0.34	-
Innovsource Facilities Private Limited	9.64	6.23
V5 Global Services Private Limited	1.51	-
Affluent Global Services Private Limited	0.44	-
CBSI India Private Limited	0.10	0.03
<b>Advance towards purchase of Investment</b>	55.00	-
<b>Trade payable</b>		
FirstMeridian Business Services Limited	37.36	17.12
Innovsource Facilities Private Limited	5.43	9.75
V5 Global Services Private Limited	-	0.18
<b>Loan from related party (Unsecured - at amortised cost)</b>		
FirstMeridian Business Services Limited	250.00	-
<b>Accrued interest but not due</b>		
FirstMeridian Business Services Limited	4.11	-

**30.4 Compensation of key managerial personnel #**

The remuneration of directors and other members of key managerial personnel during the period was as follows:

Particulars	As at September 30, 2022	As at September 30, 2021
Short-term employee benefits	1.56	1.48
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	1.65	0.94
<b>Total</b>	<b>3.21</b>	<b>2.42</b>
<b>Sitting fee paid to directors</b>	-	-

# The above Managerial remuneration excludes value of gratuity and compensated absences since the same is ascertained on aggregated basis for the Company as a whole by the way of actuarial valuation and separate values attributable to key managerial personnel are not ascertained.

**31 Segment information**

The Chief Executive Officer and Managing Director of the Company has been identified as the Chief Operating Decision Maker ("CODM") as defined by Ind AS 108, Operating Segments.

The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by service offerings. Accordingly, segment information has been presented for service offerings. The CODM has identify "Other HR services" as operating segment. All the activities of the Company are revolving around Staffing and allied Services including Facility management services.

**31.1** The Company has discontinued its Other HR Services business in the current period w.e.f April 01, 2022, and hence has only one reportable segment i.e. General Staffing and Allied Services. Therefore the Company has not reported any segment in the current period and accordingly the comparative prior period segment is not disclosed.

**31.2 Geographical information**

The Company presently caters to only domestic market i.e. India and hence there is no revenue from external customers outside India nor any of its non-current asset is located outside India.

**31.3 Information about major customers**

Included in revenue arising from the segment- General staffing & allied services of ₹ 8,918.96 million (six month period ended September 30, 2021: ₹ 7,351.47 million) which arose from sales to its One Customer for the six month period ended September 30, 2022: ₹ 1,307.71 million (six month period ended September 30, 2021: ₹ 1,147.11 million) accounting for six month period ended September 30, 2022: 15% (six month period ended September 30, 2021: 16%) of the total revenue. No other single trading customer contributed 10% or more to the company's revenue for the six month period ended September 30, 2022, for the six month period ended September 30, 2021.



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**32 Employee benefits**

**i) Defined Contribution Plan**

The Company's contribution to Provident fund and other funds (excluding ESIC) aggregating is ₹ 574.31 million (during the six month period ended September 30, 2021 is ₹ 483.85 million) has been recognised in the Statement of Profit and Loss under the head employee benefits expense.

**ii) Defined Benefit Plans:**

**Gratuity**

The Company's gratuity scheme for core employees is administered through a trust with the Life Insurance Corporation of India. The funding requirements are based on the gratuity funds actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purpose for which assumptions are same as set out below. Employees do not contribute to the plan. The Company has determined that, in accordance with the terms and conditions of gratuity plan, and in accordance with statutory requirements (including minimum funding requirements) of the plan, the present value of refund or reduction in future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of obligations.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

**(1) Salary risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

**(2) Interest rate risk**

A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

**(3) Investment Risk**

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the year on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

**(4) Longevity risk**

Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation as at	
	September 30, 2022	September 30, 2021
<b>(i) Financial assumptions</b>		
Discount rate (p.a.) - Core	7.25%	5.90%
Discount rate (p.a.) - Associate	7.25%	5.57%
Salary escalation rate (p.a.) - Core	6.11%	3.83%
Salary escalation rate (p.a.) - Associate	6.11%	3.83%
Rate of employee turnover (p.a.) - Core	For service 5 years and below is 34% p.a. & for service 5 years and above is 6% p.a	For service 5 years and below is 35% p.a. & for service 5 years and above is 6% p.a
Rate of employee turnover (p.a.) - Associate	For service 5 years and below is 42% p.a. & for service 5 years and above is 2% p.a	For service 5 years and below is 45% p.a. & for service 5 years and above is 4% p.a
<b>(ii) Demographic assumptions</b>		
Mortality rate	IALM 2012-14	IALM 2012-14

Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:

Particulars	For the six month period ended September 30, 2022	For the six month period ended September 30, 2021
Current service cost	56.74	36.56
Past service cost and (gains)/losses from settlements	-	-
Net interest expense	13.09	7.89
<b>Components of defined benefit costs before netting off reimbursement right for associate employees</b>	<b>69.83</b>	<b>44.45</b>
Amount netted off in the Statement of Profit and Loss towards gratuity and related reimbursement right for associate employees	58.34	43.35
<b>Components of defined benefit costs after netting off reimbursement right for associate employees recognised in Statement of Profit and Loss</b>	<b>1.49</b>	<b>1.10</b>
Remeasurement on the net defined benefit liability		
Actuarial (gains)/loss arising from changes in financial assumptions	(49.59)	6.64
Actuarial loss arising from experience adjustments	31.92	18.54
Return on plan assets (excluding amount included in net interest expense)	(0.01)	0.00
<b>Components of defined benefit costs before netting off reimbursement right for associate employees recognized in Statement of Profit and Loss</b>	<b>(17.68)</b>	<b>25.18</b>
Amount netted off in the Statement of Profit and Loss towards gratuity and related reimbursement right for associate employees	17.62	(24.23)
<b>Components of defined benefit costs recognised in Other Comprehensive (Income)/expense</b>	<b>(0.06)</b>	<b>0.95</b>

**Notes:**

- i) The Current service cost and the net interest expense for the period are included in the 'Employee benefits expense' line item in the Statement of Profit and Loss.
- ii) The remeasurement of the net defined benefit liability is included in Other Comprehensive Income for the period.



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iii) Maturity Profile of defined benefit obligation

Particulars	As at September 30, 2022	As at September 30, 2021
Average duration of the defined benefit obligation (In years)- Core employees	6.00	5.97
Average duration of the defined benefit obligation (In years)- Associate employees	6.16	4.79

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

Particulars	As at September 30, 2022	As at September 30, 2021
<b>Funded:</b>		
Present value of benefit obligation at the end of the period	12.10	10.53
Fair value of plan assets at the end of the period	(1.53)	(0.44)
<b>Funded status -Surplus</b>	<b>10.57</b>	<b>10.09</b>
<b>Unfunded:</b>		
Present value of benefit obligation at the end of the period	421.76	328.94
Fair value of plan assets at the end of the period	-	-
<b>Unfunded status -Surplus</b>	<b>421.76</b>	<b>328.94</b>

Movement in the present value of the defined benefit obligation are as follows:

Particulars	For the six month period ended September 30, 2022	For the six month period ended September 30, 2021
Opening of defined benefit obligation	417.13	282.35
Current service cost	56.74	36.56
Interest on defined benefit obligation	13.09	7.89
<b>Remeasurements due to:</b>		
Actuarial (gains)/loss arising from changes in financial assumptions	(49.59)	6.64
Actuarial loss arising from experience adjustments	31.92	18.54
Transfer adjustments	-	-
Benefits paid	(35.43)	(12.51)
<b>Closing of defined benefit obligation</b>	<b>433.86</b>	<b>339.47</b>

Movement in the fair value of the plan assets are as follows:

Particulars	For the six month period ended September 30, 2022	For the six month period ended September 30, 2021
Opening fair value of plan assets	0.40	0.86
Employer contribution	2.00	0.00
Interest on plan assets	0.03	0.02
<b>Remeasurement due to:</b>		
Return on plan assets (excluding interest income)	0.01	(0.00)
Transfer adjustments	-	-
Benefits paid	(0.91)	(0.44)
Assets distributed on settlement	-	-
<b>Closing of Fair Value of plan assets</b>	<b>1.53</b>	<b>0.44</b>

Major category of plan assets (as a percentage of total plan assets)

Particulars	As at September 30, 2022	As at September 30, 2021
Trust managed/insurer managed funds	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Sensitivity Analysis

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the period, while holding all other assumptions constant. The following table summarizes the impact on the reported defined benefit obligation at the end of the period arising on account of an increase or decrease in the reported assumption by 1%.

Core Employees

Principal assumption	Impact on defined benefit obligation	
	As at September 30, 2022	As at September 30, 2021
<b>a) Discount rate</b>		
Increase by 1%	(1.13)	(0.98)
Decrease by 1%	1.32	1.15
<b>b) Salary Escalation Rate</b>		
Increase by 1%	1.33	1.17
Decrease by 1%	(1.15)	(1.01)
<b>c) Employee Turnover Rate</b>		
Increase by 25%	(0.30)	(0.18)
Decrease by 25%	0.35	0.19

Associate Employees

Principal assumption	Impact on defined benefit obligation	
	As at September 30, 2022	As at September 30, 2021
<b>a) Discount rate</b>		
Increase by 1%	(48.01)	(37.44)
Decrease by 1%	58.32	45.49
<b>b) Salary Escalation Rate</b>		
Increase by 1%	58.89	45.93
Decrease by 1%	(49.25)	(38.40)
<b>c) Employee Turnover Rate</b>		
Increase by 25%	(36.14)	(28.18)
Decrease by 25%	44.44	34.66



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**Notes:**

i) The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

ii) Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the year, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

iii) There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior period

**Maturity profile of defined benefit obligation:**

**Maturity Analysis of the Benefit Payments: From the Fund**

Projected benefits payable in future years from the date of reporting:

Particulars	As at September 30, 2022	As at September 30, 2021
Within 1 Year	15.09	14.48
2-5 years	60.79	74.15
6-10 years	107.02	105.66
11 years and above	1,581.62	607.34

**33 Financial instruments**

**33.1 Financial instruments by category**

The carrying value and fair value of financial instruments by categories are as follows:

Particulars	As at September 30, 2022	As at September 30, 2021
<b>Financial assets measured at amortised cost</b>		
<b>Non-Current</b>		
Investment in subsidiary	426.56	-
Other financial assets	654.76	546.01
<b>Current</b>		
Cash and cash equivalents	721.36	255.91
Other bank balances	-	452.31
Trade receivables	1,212.41	685.94
Other financial assets	853.43	902.53
<b>Financial Liabilities measured at amortised cost</b>		
<b>Non-Current</b>		
Lease liabilities	115.54	109.01
<b>Current</b>		
Borrowings	750.68	0.46
Lease liabilities	63.47	56.53
Trade payables	60.66	79.20
Other financial liabilities	1,575.78	1,346.95

**Note:**  
The management believes that, the carrying amounts of financial assets and financial liabilities measured at amortised cost approximate their fair values.

**33.2 Capital risk management**

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged since 2018-19. The capital structure of the Company consists of net debt (borrowings disclosed in note 16 after deducting cash and bank balances) and equity of the Company (comprising issued capital and retained earnings as disclosed in notes 14 and 15).

The Company is not subject to any externally imposed capital requirements.

The gearing ratio at the period-end is as follows:

Particulars	As at September 30, 2022	As at September 30, 2021
Debt (A)	929.69	166.00
Cash and cash equivalents (including other bank balances) (B)	721.36	708.22
<b>Net debt (C) = (A)-(B)</b>	<b>208.33</b>	<b>(542.22)</b>
Total equity (D)	1,583.49	1,466.06
<b>Net debt to equity ratio (C/D)</b>	<b>0.13</b>	<b>(0.37)</b>

Debt is defined as long-term and short-term borrowings and lease liabilities as detailed in notes 16 and 30.4

Total equity includes all capital and reserves of the Company that are managed as capital.

**33.3 Financial risk management objectives**

The Company monitors and manages the financial risks to the operations of the company. These risks include credit risk, liquidity risk and market risk.

**A. 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. The Company uses its own trading records to rate its major customers. The Company's exposure to financial loss from defaults are continuously monitored.

**B. Liquidity risk**

Liquidity risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash to meet obligations when due. The Company continuously monitors forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities.

**Financing facilities**

The Company has access to financing facilities as described below, of which ₹ 440.85 million were unused at the reporting date (September 30, 2021 : ₹ 950.00 million). The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets (Refer note 15 for details of borrowings).

Particulars	As at September 30, 2022	As at September 30, 2021
Amount used	509.15	-
Amount unused	440.85	950.00
	<b>950.00</b>	<b>950.00</b>

The Company and three of its group companies (V5 Global Private Limited, CBSI India Private Limited and Affluent Global Services Private Limited) have availed an overdraft facility of ₹ 800 million (September 30, 2021: ₹ 800 million) from Standard Chartered Bank. The Company has availed additional overdraft facility of ₹ 150 million (September 30, 2021: ₹ 150 million) from ICICI Bank. Every month a proportionate drawdown facility is determined internally and accordingly withdrawals are done by each entity.



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**33.3 Financial risk management objectives (Continued)****Maturities of financial liabilities**

Table showing maturity profile of non-derivative financial liabilities:

(Excludes maturity analyses of lease liabilities which has been disclosed in Note 29 of the financial statements)

Particulars	Up to One year	1-5 years	Total
<b>As at September 30, 2022</b>			
Borrowings	750.68	-	<b>750.68</b>
Trade payables	60.66	-	<b>60.66</b>
Other financial liabilities	1,575.78	-	<b>1,575.78</b>
<b>As at September 30, 2021</b>			
Borrowings	0.46	-	<b>0.46</b>
Trade payables	79.20	-	<b>79.20</b>
Other financial liabilities	1,346.95	-	<b>1,346.95</b>

The above table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The contractual maturity is based on the earliest date on which the Company may be required to pay.

**C. Market risk**

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk. In the normal course of business and in accordance with our policies, we manage these risks through a variety of strategies.

**i) Currency risk**

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is domiciled in India and has its revenues from all transactions in its functional currency i.e. INR. Accordingly the Company is not exposed to any currency risk.

**ii) Interest rate risk**

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any borrowed funds and so the Company is not exposed to any interest rate risk.

**34 Additional Regulatory Information**

- i. The Company does not own benami properties. Further, there are no proceedings which have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii. The Company has not borrowed any specific purpose loan.
- iii. During the period, the Company has not traded or invested in Crypto currency or Virtual Currency.
- iv. There were no Scheme of Arrangements entered by the Company during the period, which required approval from the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.
- v. During the period, the Company did not have any transaction with struck off companies as per section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- vi. The Company does not hold any investment property as at each balance sheet date.
- vii. The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) 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.



**35 Ratio analysis and its elements****a. Current ratio = Current assets divided by current liabilities**

Particulars	September 30, 2022	September 30, 2021
Current Assets	2,853.09	2,345.72
Current Liabilities	3,143.36	2,124.56
<b>Ratio</b>	0.91	1.10
<b>% Change from previous period</b>	<b>(17.27%)</b>	<b>NA</b>

**b. Debt equity ratio = Total debt divided by total shareholder's equity**

Particulars	September 30, 2022	September 30, 2021
Total debt	933.80	166.00
Total equity	1,583.49	1,466.06
<b>Ratio</b>	0.59	0.11
<b>% Change from previous period</b>	<b>436.36%</b>	<b>NA</b>

**Reason for change more than 25%:**

The ratio increased from 0.11 during the six month period ended September 30, 2021 to 0.59 during the six month period ended September 30, 2022 mainly on account of additional borrowings availed to manage working capital requirements.

**c. Debt service coverage ratio = Earnings available for debt services divided by total debt**

Particulars	September 30, 2022	September 30, 2021
Profit after tax	29.34	114.53
<b>Add: Non cash operating expenses and finance cost</b>		
Depreciation and other non cash operating expenses	63.43	55.05
Finance costs	21.99	9.26
<b>Earnings available for debt service</b>	<b>114.76</b>	<b>178.84</b>
<b>Total Debt</b>	<b>933.80</b>	<b>166.00</b>
<b>Ratio</b>	0.12	1.08
<b>% Change from previous period</b>	<b>(88.89%)</b>	<b>NA</b>

**Reason for change more than 25%:**

The ratio decreased from 1.08 during the six month period ended September 30, 2021 to 0.12 during the six month period ended September 30, 2022 mainly on account of additional borrowings availed to manage working capital requirements and reduction in profit after tax due to increase in tax expense.

**d. Return on equity ratio = Net profit after tax divided by average shareholder's equity**

Particulars	September 30, 2022	September 30, 2021
Net profit after tax	29.34	114.53
Average shareholder's equity	1,568.79	1,409.15
<b>Ratio (in %)</b>	1.87%	8.13%
<b>% Change from previous period</b>	<b>(77.00%)</b>	<b>NA</b>

**Reason for change more than 25%:**

The ratio decreased from 8.13% during the six month period ended September 30, 2021 to 1.87% during the six month period ended September 30, 2022 due to reduction in profit after tax due to increase in tax expense.

**e. Trade receivables turnover ratio = Revenue from operations divided by average trade receivables**

Particulars	September 30, 2022	September 30, 2021
Revenue from operations	8,918.96	7,351.47
Average trade receivables	1,061.16	636.17
<b>Ratio</b>	8.40	11.56
<b>% Change from previous period</b>	<b>(27.34%)</b>	<b>NA</b>

**Reason for change more than 25%:**

The ratio has decreased from 11.56 for the six month period ended September 30, 2021 to 8.40 for the six month period ended September 30, 2022 primarily on account of increase in average trade receivables owing to delay in collections from few customers.



f. Trade payables turnover ratio = Other Expenses divided by average trade payables

Particulars	September 30, 2022	September 30, 2021
Other expenses*	250.67	185.36
Average trade payables	94.01	84.70
Ratio	2.67	2.19
% Change from previous period	21.92%	NA

\* Other expenses: The Company does not have any purchases being in the service industry. The balances of trade payables consist of other operating expenses and therefore we have considered other expenses in the numerator. Other expenses= Total other expenses-Bad debts and other receivables written off-Provision for doubtful trade and other receivables-Loss on disposal of property, plant and equipment-Translation loss (net) on monetary asset/liability-Loss on fair valuation/settlement of put option liability.

g. Net capital turnover ratio = Net sales divided by working capital

Particulars	September 30, 2022	September 30, 2021
Revenue from operations	8,918.96	7,351.47
Working capital	(290.27)	221.17
Ratio	(30.73)	33.24
% Change from previous period	(192.45%)	NA

Reason for change more than 25%:

The ratio decreased from 33.24 during the six month period ended September 30, 2021 to (30.73) during the six month period ended September 30, 2022 mainly on account of additional borrowings availed to manage working capital requirements.

h. Net profit ratio = Net profit after tax divided by Net sales

Particulars	September 30, 2022	September 30, 2021
Net profit after tax	29.34	114.53
Revenue from operations	8,918.96	7,351.47
Ratio (in %)	0.33%	1.56%
% Change from previous period	(78.85%)	NA

Reason for change more than 25%:

The ratio decreased from 1.56% during the six month period ended September 30, 2021 to 0.33% during the six month period ended September 30, 2022 mainly due to reduction in profit after tax due to increase in tax expense and increase in revenue from operations during the current period.

i. Return on capital employed = Earnings before interest and taxes (EBIT) divided by capital employed

Particulars	September 30, 2022	September 30, 2021
Profit before tax	70.83	91.56
Add: Finance costs	21.99	9.26
<b>EBIT</b>	<b>92.82</b>	<b>100.82</b>
Capital employed	1,796.47	931.93
Ratio (in %)	5.17%	10.82%
% Change from previous period	(52.22%)	NA

Reason for change more than 25%:

The ratio decreased from 10.82% during the six month period ended September 30, 2021 to 5.17% during the six month period ended September 30, 2022 mainly on account of additional borrowings availed to manage working capital requirements and increase in EBIT due to increase in finance cost on aforesaid additional borrowings.

Notes:

i. Elements of the ratios:

Particulars	Numerator	Denominator
Current Ratio	Total current assets	Total current liabilities
Debt-Equity Ratio	<b>Total debt</b> : Non-current borrowings + current borrowings + non-current lease liabilities + current lease liabilities + Interest accrued	<b>Shareholder's equity</b> : Total equity
Debt Service Coverage Ratio	<b>Earning for Debt Service</b> : Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + Provision for doubtful trade and other receivables + Loss on disposal of property, plant and equipment	<b>Total debt</b> : Non-current borrowings + current borrowings + non-current lease liabilities + current lease liabilities + Interest accrued
Return on Equity Ratio	Profit for the period	<b>Average shareholder's equity</b> : (opening total equity + closing total equity)/2
Inventory turnover ratio	Not Applicable since the Company is into service industry and does not hold any inventory.	
Trade receivables turnover ratio	Revenue from operations	<b>Average trade receivables</b> : (opening trade receivables + Closing trade receivables)/2
Trade payables turnover ratio	<b>Other expenses*</b> : Total other expenses- expenses not directly attributable to trade payable	<b>Average Trade payable</b> : (Opening trade payable + closing trade payable)/2
Net capital turnover ratio	Revenue from operations	<b>Working capital</b> : Total current assets - Total current liabilities
Net profit ratio	Profit for the period	Revenue from operations
Return on Capital employed	<b>Earnings before interest and taxes</b> : Profit before tax + Finance cost	<b>Capital employed</b> : Net worth - Intangible assets + total debt + Deferred tax liabilities (net)
Return on investment	Not Applicable since the Company does not have any investments.	



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**36 Disclosure pursuant to section 186 of the Companies Act, 2013**

Refer Note No. 6 for the details of investments in subsidiary under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.

**37 Impact on Code on Social Security, 2020**

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13 November, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the year in which, the Code becomes effective and the related rules to determine the financial impact are published.

**38 There are no events after the balance sheet date.**



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

Sudhakar Balakrishman  
Director  
DIN - 00062956  
Place : Bangalore  
Date : January 17, 2023

Nilay Pratik  
Director  
DIN - 07692750  
Place : Mumbai  
Date : January 17, 2023

Amit Chitale  
Chief Financial Officer  
Place : Mumbai  
Date : January 17, 2023

Monali Joshi  
Company Secretary  
Membership No : A36428  
Place : Mumbai  
Date : January 17, 2023

