

B S R & Co. LLP

Chartered Accountants

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Independent Auditors' Report

To the Members of Mobisy Technologies Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mobisy Technologies Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, the statement of profit and loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its loss and its cash flows for the year ended on that date.

Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Independent Auditors' Report (continued)

Mobisy Technologies Private Limited

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Independent Auditors' Report (continued)

Mobisy Technologies Private Limited

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The balance sheet, the statement of profit and loss and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.



Independent Auditors' Report (continued)

Mobisy Technologies Private Limited

Report on Other Legal and Regulatory Requirements (continued)

- e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors of the Company is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) The Company is exempted from the requirement of its auditor reporting on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls [clause (i) of Section 143(3)].
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its financial statements - Refer Note 29 to the financial statements.
 - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019.
 - iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the Company is a private limited Company and accordingly the requirements as stipulated by the provisions of Section 197 read with Schedule V of the Act are not applicable to the Company.

for **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022



Sanjay Sharma

Partner

Membership Number: 063980

Unique Document Identification Number: 19063980AAAABS2025

Place: Bangalore

Date: 30 September 2019

Mobisy Technologies Private Limited
Annexure to the Independent Auditors' Report

As referred in our Independent Auditors' Report to the Members of Mobisy Technologies Private Limited ("the Company") on the financial statements for the year ended 31 March 2019, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, all fixed assets were verified during the year. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations provided to us, the Company does not have any immovable property as on 31 March 2019. Accordingly, the paragraph 3(i)(c) of the Order is not applicable to the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material. For stocks lying with third parties at the year-end, written confirmations have been obtained by the Management.
- (iii) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 186 of the Act, with respect to the investments made. Further, there are no loans, guarantees and security given in respect of which provisions of section 185 and 186 of the Act are applicable.
- (v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.
- (vi) The Central Government of India has not prescribed the maintenance of cost records under section 148 (1) of the Act for any of the services rendered by the Company.




Mobisy Technologies Private Limited

Annexure to the Independent Auditors' Report (continued)

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, goods and goods and services tax, cess and other material statutory dues have been generally regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. As explained to us, the Company did not have any dues on account of duty of excise and duty of customs

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable

- (b) According to the information and explanations given to us, there are no dues of income tax, goods and service tax which have not been deposited with the appropriate authorities on account of any disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks. The Company did not have any outstanding loans or borrowings from government and there are no dues to debenture holders during the year.
- (ix) According to the information and explanation given to us and based on examination of the records of the Company, the term loans obtained were applied for the purpose for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer during the year.
- (x) According to the information and explanations given to us, no material fraud on the Company by its officers or employees or fraud by the Company has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us, the Company is a private limited Company and accordingly the provisions of section 197 read with Schedule V to the Act are not applicable to the Company.
- (xii) According to the information and explanations give to us, in our opinion, the Company is not a Nidhi Company as prescribed under section 406 of the Act.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and details of such transactions have been disclosed in the financial statements, as required by the applicable accounting standards. The Company was not required to constitute an audit committee as per the provisions of the Act, hence compliance with section 177 of the Act is not applicable to the Company.
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B S R & Co. LLP

Mobisy Technologies Private Limited

Annexure to the Independent Auditors' Report (continued)

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has complied with the provisions of Section 42 of the Act in respect of preferential allotment/ private placement of equity shares and Compulsorily Convertible Preference Shares during the year. Further, according to the information and explanations given to us and based on our examination of the records of the Company, we report that the amounts raised have been used for the purpose for which the funds were raised.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him
- (xvi) According to the information and explanations given to us and in our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

for B S R & Co. LLP

Chartered Accountants

Firm's Registration Number: 101248W/W-100022



Sanjay Sharma

Partner

Membership Number: 063980

Unique Document Identification Number: 19063980AAAABS2025

Place: Bangalore

Date: 30 September 2019

Mobisy Technologies Private Limited
Balance sheet

(Amount in Rs)

Particulars	Note	As at 31 March 2019	As at 31 March 2018
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,154,724	803,222
Reserves and surplus	4	120,574,328	389,208
		<u>121,729,052</u>	<u>1,192,430</u>
Non-current liabilities			
Long-term borrowings	5	998,678	15,381,271
Other long term liability	6	48,292	195,167
Long-term provision	7	6,721,421	4,015,248
		<u>7,768,391</u>	<u>19,591,686</u>
Current liabilities			
Short-term borrowings	8	24,398,330	13,561,937
Trade payables:			
total outstanding dues to micro enterprises and small enterprises, and	9	-	-
total outstanding dues to creditors other than micro enterprises and small enterprises	9	12,354,355	5,089,717
Other current liabilities	10	56,437,976	42,579,878
Short term provisions	11	1,003,610	1,044,919
		<u>94,194,271</u>	<u>62,276,451</u>
TOTAL		<u><u>223,691,714</u></u>	<u><u>83,060,567</u></u>
ASSETS			
Non-current assets			
Property, plant and equipment	12	8,011,984	5,555,362
Intangible assets	13(i)	6,181,042	4,727,455
Intangible assets under development	13(ii)	28,649,802	11,999,851
Deferred tax assets (net)	14	-	-
Long-term loans and advances	15	28,956,810	19,505,219
		<u>71,799,638</u>	<u>41,787,887</u>
Current assets			
Current investments	16	97,488,859	7,692,575
Inventories	17	1,980,101	1,360,769
Trade receivables	18	41,411,612	18,184,109
Cash and bank balances	19	2,059,888	10,302,346
Short-term loans and advances	20	7,894,664	2,643,482
Other current assets	21	1,056,952	1,089,401
		<u>151,892,076</u>	<u>41,272,682</u>
TOTAL		<u><u>223,691,714</u></u>	<u><u>83,060,567</u></u>

Significant accounting policies

2

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022


Saurabh Sharma

Partner

Membership Number : 063980

Place: Bengaluru

Date: 30 September 2019

for and on behalf of the Board of Directors of

Mobisy Technologies Private Limited

CIN No: U72900KA2008PTC043157


Lalit Govind Bhise

Director

DIN: 02202845

Place: Bengaluru

Date: 30 September 2019


Shree Bhise

Director

DIN: 02759442

Place: Bengaluru

Date: 30 September 2019

Mobisy Technologies Private Limited
Statement of profit and loss

		<i>(Amount in Rs)</i>	
Particulars	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations	22		
Sale of software licenses and services		196,065,876	121,825,676.00
Sale of products		80,416,968	76,971,634.00
Total revenue from operations		276,482,844	198,797,310.00
Other income	23	3,733,412	1,139,815.00
Total income		280,216,255	199,937,125.00
Expenses			
Purchase of stock-in-trade	24	80,357,357	77,860,043.00
Changes in inventories of stock-in-trade	25	(619,332)	76,496.00
Employee benefits expenses	26	179,522,239	110,430,067.00
Finance costs	27	5,188,183	4,137,241.00
Depreciation and amortization expense	12 and 13	6,931,482	4,430,125.00
Other expenses	28	94,303,819	39,442,792.00
Total expenses		365,683,749	236,376,764.00
Loss before prior period item and tax		(85,467,494)	(36,439,639)
Prior period item:			
Employee stock compensation expense	34 & 35	19,811,010	-
Loss before tax		(105,278,504)	(36,439,639)
Tax expense:			
Current tax		-	-
Deferred tax charge/ (credit)		-	686,335
Loss for the year		(105,278,504)	(37,125,974)
Basic Earning per share ("EPS"):	33		
Class I		(191.21)	(72.05)
Class II		-	(90.06)

Significant accounting policies 2

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

Firm's Registration Number:101248W/W-100022


Sanjay Sharma
 Partner

Membership Number : 063980

for and on behalf of the Board of Directors of

Mobisy Technologies Private Limited

CIN No: U72900KA2008PTC045157


Lalit Govind Bhise
 Director
 DIN: 02202845


Shree Bhise
 Director
 DIN: 02759442

Place: Bengaluru

Date: 30 September 2019

Place: Bengaluru

Date: 30 September 2019

Place: Bengaluru

Date: 30 September 2019

Mobisy Technologies Private Limited
Statement of cashflows

(Amount in Rs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flow from operating activities		
Loss before tax	(105,278,504)	(36,439,639)
Adjustments:		
Depreciation and amortization expense	6,931,482	4,430,125
Profit on sale/ write off of property, plant and equipment (net)	(81,387)	(66,877)
Provision for rent equalization	(78,057)	108,501
Allowance for doubtful debts	1,173,183	1,428,425
Profit on redemption of mutual funds	(2,996,283)	(963,927)
Finance costs	5,188,183	4,137,241
Interest income	(32,237)	(36,820)
Provisions for employee stock option	26,007,329	-
Bad debts written-off	1,757,118	188,759
Operating cash flows before working capital changes:	(67,409,173)	(27,214,212)
(Increase)/ Decrease in inventories	(619,332)	76,496
(Increase)/ Decrease in trade receivables	(26,157,804)	(4,676,643)
(Increase)/ Decrease in loans and advances	(4,788,835)	(1,977,168)
Decrease/ (Increase) in other current assets	33,393	(653,558)
Increase/ (Decrease) in current liabilities	21,053,918	27,352,865
Increase/ (Decrease) in provisions	2,664,862	2,798,338
Cash used in operations	(75,222,971)	(4,293,882)
Income taxes paid, net	(9,913,937)	(10,054,386)
Net cash flow used in operating activities (A)	(85,136,908)	(14,348,268)
Cash flow from investing activities		
Purchase of property, plant and equipment	(5,833,947)	(3,756,519)
Payments for software development costs / intangible assets	(21,724,110)	(14,486,769)
Proceeds from sale of property, plant and equipment	147,801	111,663
Investment in mutual funds	(208,800,000)	(14,000,000)
Proceeds from redemption of mutual funds	121,999,999	25,300,276
Interest received on fixed deposit	31,293	37,142
Net cash used in investing activities (B)	(114,178,964)	(6,794,207)
Cash flows from financing activities		
Proceeds from issue of Class II equity shares	-	25,580
Proceeds from issue of Class I equity shares	75,603	-
Proceeds from issue of preference shares	199,732,194	6,224,420
Proceeds from borrowings	2,500,000	28,943,208
Repayment of loans	(6,046,200)	(5,000,000)
Interest and loan processing charges paid	(5,188,183)	(4,137,241)
Net cash generated from financing activities (C)	191,073,414	26,055,967
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(8,242,458)	4,913,492
Cash and cash equivalents at the beginning of the year (Refer Note 19)	9,802,346	4,888,854
Cash and cash equivalents at the end of the year (Refer Note 19)	1,559,888	9,802,346

Notes to cash flow statement

Component of cash and equivalents

Balances with banks

- In current accounts

Total cash and cash equivalents

1,559,888	9,802,346
1,559,888	9,802,346

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022


Sachin Sharma
Partner

Membership Number : 063980

Place: Bengaluru

Date: 30 September 2019

for and on behalf of the Board of Directors of

Mobisy Technologies Private Limited

CIN No: U72900KA2008PTC045157


Lalit Govind Bhise
Director

DIN: 02202845

Place: Bengaluru

Date: 30 September 2019




Shree Bhise
Director

DIN: 02759442

Place: Bengaluru

Date: 30 September 2019

Mobisy Technologies Private Limited
Notes to financial statements

1 Company overview

Mobisy Technologies Private Limited ("the Company") was incorporated on 4 February 2008 under the provisions of Companies Act, 1956. The Company's registered office is Mobisy Technologies Private Limited, 3rd Floor, Sri Arunachaleshwara Building, 75/1, Bellandur Main Road, Bellandur, Bangalore 560103. The business operations of the Company are carried out at various cities in India.

The Company is in the business of developing web and mobile applications for a variety of platforms for more than five years. The Company has two main products Bizom, a sales force and supply chain automation solution and Distiman, a mobile application that connects retailers to Fast Moving Consumer Goods (FMCG) brands and ensures just-in-time stocking and transactions with retailers.

2 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

2.1 Basis of preparation of financial statements

These financial statements are prepared and presented in accordance with Generally Accepted Accounting Principles in India (GAAP) under the historical cost convention on the accrual basis of accounting. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of Companies Act 2013, as applicable, Accounting Standards ('AS') and other generally accepted accounting principles in India. The financial statements are presented in Indian Rupees and rounded off to nearest rupee, unless other wise stated.

The Company is a Small and Medium Sized Company (SMC) as defined in the general instructions in respect of accounting standards specified under Section 133 of the Companies Act, 2013 ("the Act"), read with rule 7 of the Companies (Accounts) Rules, 2014. Accordingly, the Company has complied with the accounting standards as applicable to a Small and Medium Sized Company.

2.2 Use of estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles ("GAAP") requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in the current and future years.

2.3 Current and 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 realized or intended to be sold or consumed in normal operating cycle;
 - Held primarily for the purpose of trading;
 - Expected to be realized within twelve months after the reporting period; or
 - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Operating cycle

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

2.4 Inventories

Inventories include Fast Moving Consumer Goods (FMCG) held for trade, which are valued at lower of cost and net realizable value. The cost is determined using First-in First-out basis (FIFO) method. The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of selling expenses.

The comparison of cost and net realizable value is made on an item-by-item basis.



Mobisy Technologies Private Limited
Notes to financial statements (continued)

2.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured as follows:

(i) Income from software services

Revenue from "right to use" the application system (Bizom) is recognized proportionately over the period during which the access to such application is provided to the customer.

Revenue from set-up fees or upfront fees is recognized ratably over the term of the arrangement or the expected period of performance.

Unbilled revenue represents cost and earnings in excess of billings as at the end of the reporting year.

Unearned revenue represents billing in excess of revenue recognized. Advance payments received from customers for which no services have been rendered are presented as 'Advance from customers'.

(ii) Sale of goods

Sales are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

(iii) Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and/ or accumulated impairment loss, if any. The cost of an item of property, plant and equipment asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures related to an item of property, plant and equipment are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Property, plant and equipment acquired wholly or partly with specific grant/subsidy from government, are recorded at the net acquisition cost to the company.

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those property, plant and equipment which necessarily take a substantial period of time to get ready for their intended use are capitalized. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Depreciation

Depreciation is provided from the date of capitalization using the straight line method as per the useful life prescribed in Schedule II to the Companies Act 2013, except for furniture and fixture whereas different life is considered based on internal assessment by the management.

The useful life considered for depreciation are as follows:

Category of assets	Useful life
Computers	3 years
Office equipments	5 years
Furniture and fittings	5 years
Testing equipments	3 years

Leasehold improvements are amortized on a straight-line basis over the period of lease or useful life whichever is lower.



Mobisy Technologies Private Limited
Notes to financial statements (continued)

2.7 Intangible assets

Acquired intangible assets

Intangible assets are capitalized at their original cost of acquisition including taxes, duties and other incidental expenses.

Intangibles assets under development

Intangibles assets under development includes cost incurred towards internally self-generated assets that are not ready for use at the balance sheet date.

Internally generated intangible assets

Intangible assets capitalized also includes software's developed in-house by the Company.

(i) Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the statement of profit and loss as incurred.

(ii) Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable borrowing costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognized in the statement of profit and loss as incurred.

Subsequent expenditure is capitalized only when it increases the future economic benefits from the specific asset to which it relates.

Amortization

Intangible assets are amortized over the period the Company expects to derive economic benefit from their use. Management believes that the period of amortization is representative of the period over which the Company expects to derive economic benefits from the use of the assets.

The estimated useful life of intangible assets are three years.

2.8 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash in-flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognized.

2.10 Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees etc.

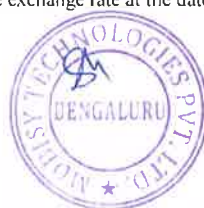
Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

2.11 Foreign currency transactions and translations

Foreign exchange transactions are recorded using the exchange rate prevailing on the date of the respective transaction. Exchange differences arising on foreign exchange transactions settled during the period are recognized in the statement of profit and loss for the period.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the exchange rates on that date, the resultant exchange differences are recognized in the statement of profit and loss for the period. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.



2.12 Employee benefits

(i) Short-term employee benefit:

Short term employee benefits including salaries, social security contributions and bonuses payable within twelve months after the end of the period in which the employees render the related services and non monetary benefits (such as medical care) for current employees are estimated and measured on an undiscounted basis.

(ii) Defined Contribution Plans:

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

(iii) Defined Benefit Plans:

The Company's gratuity benefit scheme is a defined benefit plan. The Company's obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method.

The Company recognizes all actuarial gains and losses arising from defined benefit plans immediately in the statement of profit and loss. All expenses related to defined benefit plans are recognized in employee benefits expense in the statement of profit and loss. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognized in statement of profit and loss on a straight-line basis over the average period until the benefits become vested. The Company recognizes gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

(iv) Compensated absence:

In accordance with AS 15 Employees Benefits for Small and Medium Sized Company, the recognition and measurement of short-term accumulating compensated absences which are non-vesting (i.e., short-term accumulating compensated absences in respect of which employees are not entitled to cash payment for unused entitlement on leaving. The Company recognises no liability or expense until the time of the absence because employee service does not increase the amount of the benefit.

2.13 Employee stock option scheme

Equity settled stock option granted to the employees are accounted as per the accounting treatment prescribed in the guidance note on Employee Share based Payments issued by the Institute of Chartered Accountants of India. The fair value of the option on the date of grant is recognised as employee stock compensation expenses with a credit to employee stock options outstanding account. The employee stock compensation expenses is charged to the statement of profit and loss on a straight-line basis over the vesting period of the option.

2.14 Leases

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit. Initial direct costs incurred specifically for an operating lease are deferred and charged to the statement of profit and loss over the lease term.

2.15 Income taxes

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with Indian Income-tax laws) and deferred tax charge or credit (reflecting the tax effects of change in timing differences between accounting income and taxable income). Income-tax expense is recognized in profit or loss except that the tax related to items recognized directly in reserves is also recognized in those reserves.

Minimum alternate tax ('MAT') paid in accordance with tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability is considered as an asset if there is convincing evidence that the Company will pay normal tax within the eligible period.

Current tax is measured at the amount to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognized in respect to timing differences between taxable income and accounting income i.e. the differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward business loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realized.

2.16 Earnings per share

The basic earning per share for each class of equity shares that has a different right to share in the net profit is computed by dividing the net profit / loss attributable to equity share holders of each class of shares for the year by the weighted average number of equity shares outstanding during the reporting period.



Mobisy Technologies Private Limited
Notes to financial statements (continued)

2.17 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less from the balance sheet date, but excludes restricted cash balances.

2.18 Cash flow statement

Cash flows are reported using the indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

2.19 Provisions and contingencies

Provisions for losses and contingencies arising as a result of a past event where the management considers it probable that a liability may be incurred are made on the basis of the best reliable estimates of the expenditure required to settle the present value. Provisions are reviewed at each Balance sheet date and adjusted to reflect the current best estimates.

Contingencies

The disclosure of a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

No provision or disclosure is made when, as a result of obligating events, there is a possible obligation or a present obligation where the likelihood of outflow of resources is remote.

Onerous contracts

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.



3. Share capital

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount in Rs.	Number of shares	Amount in Rs.
Authorized capital				
Class I and II equity shares of Re. 1 each	895,000	895,000	901,000	901,000
0.001% Compulsorily convertible preference shares of Re.1 each	605,000	605,000	599,000	599,000
	1,500,000	1,500,000	1,500,000	1,500,000
Issued, subscribed and paid up capital				
Class I equity shares of Re. 1 each	550,605	550,605	549,427	549,427
Class II equity shares of Re.1 each	-	-	1,045	1,045
0.001% Compulsorily convertible preference shares of Re.1 each ("CCPS")	604,119	604,119	252,750	252,750
	1,154,724	1,154,724	803,222	803,222

(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount in Rs.	Number of shares	Amount in Rs.
Class I equity shares				
Number of shares outstanding as at the beginning of the year	549,427	549,427	506,090	506,090
Add: Issued/ reclassified during the year (Note 1 and Note 2)	1,178	1,178	43,337	43,337
Number of shares outstanding as at the close of the year	550,605	550,605	549,427	549,427
Class II equity shares				
Number of shares outstanding as at the beginning of the year	1,045	1,045	1,000	1,000
Less: Reclassified to class I equity shares (Note 1)	(1,045)	(1,045)	45	45
Number of shares outstanding as at the close of the year	-	-	1,045	1,045
0.001% Compulsorily convertible preference shares				
Number of shares outstanding as at the beginning of the year	252,750	252,750	241,800	241,800
Add: Issued during the year (Note 2)	351,369	351,369	10,950	10,950
Number of shares outstanding as at the close of the year	604,119	604,119	252,750	252,750

Note 1:

1045 Class II equity shares of held by Ojas Partners has been reclassified to Class I equity shares as approved in the board meeting held on 5 May 2018.

Note 2:

- During the year, the Company vide its Board meeting held on 5 May 2018 has allotted 100 class I equity shares and 263,780 CCPS to SIBDI Trustee Company at a price of Rs 568.44 and accordingly recorded a premium of Rs 567.44.

- During the year, the Company vide its Board meeting held on 5 May 2018 has allotted 33 class I equity shares and 87,589 CCPS to Triton Fund I at a price of Rs 568.44 and accordingly recorded a premium of Rs 567.44.

b) Rights, preferences and restrictions attached to shares:

Equity shares

- The Company has two class of equity share, having a par value of Re. 1
- The holder of Class I of equity shares is entitled to one vote per share and such amount of dividend per share as declared by the Company.
- The holder of Class II of equity shares i.e. 'Class A equity shares with differential voting rights' is entitled to voting rights and dividend as declared by the Company equivalent to 242 Class I equity shares, only till 'Series A' Compulsorily Convertible Preference shares (CCPS) as mentioned below are converted to equity shares.
- In the event of winding up or other liquidity event, Class II equity shares would have preference over Class I equity shares

0.001% Compulsorily convertible preference shares

- The Company has only one class of Preference Share i.e. 'Series A CCPS', having a par value of Re. 1
- Series A CCPS would be eligible for dividend of 0.001%
- In the event of winding up or other liquidity event, 'Series A CCPS' would have preference over equity shares.

Employee stock options

Terms attached to stock options granted to employees are described in Note 34 regarding employee share based payments

c) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	Type of holder	As at 31 March 2019		As at 31 March 2018	
		Number	% of Holding	Number	% of Holding
Class I equity shares					
Lalit Govind Bhise	Individual	187,500	34.05%	187,500	34.13%
Vasudeva Manjunath	Individual	93,750	17.03%	93,750	17.06%
M/s R L Partners	Partnership firm	90,630	16.46%	90,630	16.50%
Shree Bhise	Individual	75,000	13.62%	75,000	13.65%
Anas Ahmedjayyash A Abdulkhalik	Individual	35,828	6.51%	35,828	6.52%
Class II equity shares					
M/s Ojas Partners (Note 1)	Partnership firm	-	-	1,045	100.00%
0.001% Compulsorily Convertible Preference Shares					
M/s Ojas Partners	Partnership firm	252,750	41.84%	252,750	100.00%
SIDBI Venture Capital Limited	Limited Company	263,780	43.66%	-	-
Triton Fund-I	SEBI registered Category II AIF	87,589	14.50%	-	-

d) Shares reserved for issue under employee stock option plan of the company

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of options	Amount	Number of options	Amount
Under Employee Stock Option Plan, 2010 ("ESOP"), 286,780 equity shares of Re.1 each, at an exercise price of Re.1 per share.	286,780	286,780	286,780	286,780

e) The Company has not allotted any fully paid-up equity share by way of bonus shares, or in pursuant to contract without payment being received in cash nor has bought back any class of equity shares during the period of five year immediately preceding the balance sheet date.

Mobisy Technologies Private Limited
Notes to financial statements (continued)

4. Reserves and surplus

Particulars	(Amount in Rs)	
	As at 31 March 2019	As at 31 March 2018
Securities premium account		
At the commencement of the year	42,404,538	16,008,870
Add: Premium on fresh issue of shares:		
Premium received on issue of class I equity shares	75,470	20,182,200
Premium received on issue of 0.001% p.a. CCPS	199,380,825	6,213,468
	241,860,833	42,404,538
Employee stock options outstanding account (Refer Note 34 and 35)		
Opening balance	-	-
Add: Employee stock compensation expenses for the year ended 31 March 2019	6,196,319	-
Add: Employee stock compensation expenses for the year upto 31 March 2018	19,811,010	-
Closing balance	26,007,329	-
Surplus/ (deficit) in statement of profit and loss:		
At the commencement of the year	(42,015,330)	(4,889,356)
Add: Loss for the year	(105,278,504)	(37,125,974)
	(147,293,834)	(42,015,330)
	120,574,328	389,208

5. Long-term borrowings

Particulars	(Amount in Rs)	
	As at 31 March 2019	As at 31 March 2018
Unsecured:		
Term loan		
Long-term loans from Banks and financial institutions [Refer Note below]	998,678	15,381,271
	998,678	15,381,271

Terms and conditions of term loan:

- From Capital First Limited - amounting to: Nil (As at 31 March 2018 - Rs 2,345,340). The loan carries interest rate of 18% p.a. and is repayable in 36 equated monthly installments with effect from December 2017. During the year the loan was foreclosed.
- From Kotak Mahindra Bank - amounting to: Rs 1,325,387 (As at 31 March 2018 - Rs 3,043,210). The loan carries interest rate of 17.75% p.a. and is repayable in 24 equated monthly installments with effect from December 2017.
- From TATA Capital Financial Services Limited - amounting to: Nil (As at 31 March 2018 - Rs 3,029,337). The loan carries interest rate of 17.75% p.a. and is repayable in 24 equated monthly installments with effect from December 2017. During the year the loan was foreclosed.
- From Deutsche Bank AG - amounting to: Nil (As at 31 March 2018 - Rs 2,312,266). The loan carries interest rate of 17% p.a. and is repayable in 36 equated monthly installments with effect from November 2017. During the year the loan was foreclosed.
- From HDFC Bank Limited - amounting to: Nil (As at 31 March 2018 - Rs 3,690,306). The loan carries interest rate of 15.75% p.a. and is repayable in 36 equated monthly installments with effect from December 2017. During the year the loan was foreclosed.
- From Edelweiss Retail Finance Limited - amounting to: Nil (As at 31 March 2018 - Rs 3,608,668). The loan carries interest rate of 18% p.a. and is repayable in 24 equated monthly installments with effect from December 2017. During the year the loan was foreclosed.
- From Ratnakar Bank Limited - amounting to: Nil (As at 31 March 2018 - Rs 2,371,859). The loan carries interest rate of 17.5% p.a. and is repayable in 36 equated monthly installments with effect from January 2017. During the year the loan was foreclosed.
- From IndusInd Bank Limited - amounting to: Rs 1,055,704 (As at 31 March 2018 - Rs 2,264,979). The loan carries interest rate of 17.5% p.a. and is repayable in 24 equated monthly installments with effect from January 2018.
- From Bajaj Finance Limited amounting to: Nil (As at 31 March 2018 - Rs 2,745,375). The loan carries interest rate of 16.5% p.a.
- From Aditya Birla amounting to: 1,871,079 (As at 31 March 2018 - Nil). The loan carries interest rate of 19.5% p.a. and is repayable in 36 equated monthly installments with effect from May 2018.



Mobisy Technologies Private Limited
Notes to financial statements (continued)

6. Other long-term liability

Particulars	(Amount in Rs)	
	As at 31 March 2019	As at 31 March 2018
Rent equalization reserve (Refer note 32)	48,292	195,167
	48,292	195,167

7. Long-term provision

Particulars	(Amount in Rs)	
	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits:		
Gratuity (Refer note 30)	6,721,421	4,015,248
	6,721,421	4,015,248

8. Short-term borrowings

Particulars	(Amount in Rs)	
	As at 31 March 2019	As at 31 March 2018
<i>Secured</i>		
Bank overdraft from HDFC Bank Limited [Refer note (a)]	24,398,330	13,561,937
	24,398,330	13,561,937

Terms and conditions:

(a) Secured:

The overdraft facility is secured by Floating charge on book debts and ICICI Mutual Fund-flexible income plan amounting to Rs 33,139,000 (Previous year Rs 15,000,000)

9. Trade payables

Particulars	(Amount in Rs)	
	As at 31 March 2019	As at 31 March 2018
Trade payables:		
-total outstanding dues to micro enterprises and small enterprises	-	-
-total outstanding dues to creditors other than micro enterprises and small enterprises	12,354,355	5,089,717
	12,354,355	5,089,717

10. Other current liabilities

Particulars	(Amount in Rs)	
	As at 31 March 2019	As at 31 March 2018
Employees related payables*	15,097,465	12,628,622
Unearned revenue	23,142,870	10,292,506
Current maturities of long term loans**	3,253,492	10,030,549
Statutory liabilities	5,140,360	2,630,966
Accrued expenses	5,944,984	3,249,845
Advance from customers	692,637	1,115,665
Rent equalisation reserve (Refer note 32)	75,772	6,954
Security deposit	2,923,915	2,248,915
Other Payables	166,482	375,856
	56,437,976	42,579,878

* includes payable to related parties (Refer Note 31)

** Refer Note 5

11. Short term provisions

Particulars	(Amount in Rs)	
	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits:		
(i) Gratuity (Refer note 30)	1,003,610	1,044,919
	1,003,610	1,044,919



12. Property, plant and equipment

Particulars	Gross block				Accumulated depreciation		Net block
	As at 1 April 2018	Additions	Disposals	As at 31 March 2019	For the year As at 1 April 2018	As at 31 March 2019	
Computers	6,059,429	4,448,562	615,790	9,892,201	2,351,790	4,363,357	5,528,844
Office equipments	1,645,122	673,828	70,676	2,248,274	273,387	956,205	1,292,069
Furniture & fixtures	1,264,719	568,406	6,552	1,826,573	247,213	811,487	1,015,086
Testing equipments	504,907	143,151	-	648,058	113,661	472,073	175,985
Leasehold improvements	362,306	-	-	362,306	324,860	362,306	-
	9,836,483	5,833,947	693,018	14,977,412	3,310,911	6,965,428	8,011,984

Particulars	Gross block				Accumulated depreciation		Net block
	As at 1 April 2017	Additions	Disposals	As at 31 March 2018	For the year As at 1 April 2017	As at 31 March 2018	
Computers	3,933,908	2,625,275	499,754	6,059,429	1,232,050	2,594,239	3,465,190
Office equipments	1,310,070	338,652	3,600	1,645,122	237,184	723,325	921,797
Furniture & fixtures	916,626	348,093	-	1,264,719	154,585	567,699	697,020
Testing equipments	422,714	82,193	-	504,907	86,650	358,412	146,495
Leasehold improvements	-	362,306	-	362,306	37,446	37,446	324,860
	6,583,318	3,756,519	503,354	9,836,483	1,747,915	4,281,121	5,555,362

13 (i). Intangible assets

Particulars	Gross block				Accumulated amortization		Net block
	As at 1 April 2018	Additions	Disposals	As at 31 March 2019	For the year As at 1 April 2018	As at 31 March 2019	
Software*	13,048,252	5,074,159	-	18,122,411	3,620,571	11,941,369	6,181,042
Total	13,048,252	5,074,159	-	18,122,411	3,620,571	11,941,369	6,181,042

Particulars	Gross block				Accumulated amortization		Net block
	As at 1 April 2017	Additions	Disposals	As at 31 March 2018	For the year As at 1 April 2017	As at 31 March 2018	
Software*	10,415,467	2,632,785	-	13,048,252	2,682,210	8,320,797	4,727,455
Total	10,415,467	2,632,785	-	13,048,252	2,682,210	8,320,797	4,727,455

* Software primarily comprises of Internally generated intangible asset

Intangible assets under development are based on internal technical feasibility study carried out by Management with the intention to complete the self-generated intangible assets and make it

Particulars	Block of assets as on 31 March 2019				Block of assets as on 31 March 2018	
	As at 1 April 2018	Additions	Capitalization	As at 31 March 2019	As at 1 April 2017	As at 31 March 2018
Software*	11,999,851	21,724,110	5,074,159	28,649,802	145,867	11,999,851
Total	11,999,851	21,724,110	5,074,159	28,649,802	145,867	11,999,851



Mobisy Technologies Private Limited
Notes to financial statements (continued)

14. Deferred tax assets (net)

Particulars	(Amount in Rs)	
	As at 31 March 2019	As at 31 March 2018
Deferred tax assets		
Provision for employee benefits	-	-
Provision for doubtful debts	-	-
Other temporary differences	-	-
Excess of depreciation on fixed assets under Income tax act, 1961 over depreciation under Companies Act, 2013	-	-
Carried forward business loss	-	-
Total deferred tax assets	-	-
Deferred tax liabilities		
Excess of depreciation on fixed assets under Income tax act, 1961 over depreciation under Companies Act, 2013	-	-
Total deferred tax liabilities	-	-
Deferred tax assets (net)	-	-

Note:

In the view of accumulated tax losses and unabsorbed depreciation, deferred tax asset has not been recognized in these financial statements as Management believes that there is no virtual certainty that sufficient future taxable income will be available for set-off these accumulated tax losses and unabsorbed depreciation against taxable profits.

15. Long-term loans and advances

Particulars	(Amount in Rs)	
	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good		
Income taxes receivables, net of provision	26,296,037	16,382,099
Balance with Government authorities	540,496	925,490
Minimum Alternate Tax (MAT) credit receivable	1,464,030	1,464,030
Rental and other deposits	656,247	733,600
	28,956,810	19,505,219

16. Current investments

Particulars	(Amount in Rs)	
	As at 31 March 2019	As at 31 March 2018
Unquoted mutual funds:		
(i) ICICI mutual fund-flexible income plan-Direct Growth 232,205 units (31 March 2018: 18,113 units) Note A	78,232,025	3,142,742
(ii) ICICI mutual fund-liquid plan-direct - Growth 74,179 units (31 March 2018: 9,580 units)	19,256,834	4,549,833
	97,488,859	7,692,575
Aggregate market value of unquoted investments	104,369,725	7,867,873
Aggregate amount of impairment in value of investments	-	-

Note A- The Company during the year has pledged the ICICI mutual fund- flexible income plan- Direct Growth to HDFC Bank to expand the overdraft facility obtained from the bank

17. Inventories

Particulars	(Amount in Rs)	
	As at 31 March 2019	As at 31 March 2018
Stock in trade	1,980,101	1,360,769
	1,980,101	1,360,769



Mobisy Technologies Private Limited
Notes to financial statements (continued)

18. Trade receivables

Particulars	(Amount in Rs)	
	As at 31 March 2019	As at 31 March 2018
Unsecured		
Receivables outstanding for a period exceeding six months from the date they became due for payment		
Considered good	4,086,843	291,574
Considered doubtful	-	-
	4,086,843	291,574
Less: Provision for doubtful trade receivables		
	(A)	
	4,086,843	291,574
Other receivables		
Considered good	39,938,779	19,320,960
Less: Provision for doubtful trade receivables	2,614,010	1,428,425
	(B)	
	37,324,769	17,892,535
	(A)+(B)	
	41,411,612	18,184,109

19. Cash and bank balances

Particulars	(Amount in Rs)	
	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents:		
Cash on hand	-	-
Balances with banks:		
- In current accounts	1,559,888	9,802,346
Other bank balances:		
- In fixed deposits	500,000	500,000
	2,059,888	10,302,346

20. Short-term loans and advances

Particulars	(Amount in Rs)	
	As at 31 March 2019	As at 31 March 2018
Unsecured and considered good		
Advance to vendors	1,746,080	1,958,318
Loans and advances to employees	2,305,358	319,152
Rental and other deposits	1,000,000	298,000
Prepaid expenses	1,681,610	64,853
Other receivables	1,161,617	3,159
	7,894,664	2,643,482

21. Other current assets

Particulars	(Amount in Rs)	
	As at 31 March 2019	As at 31 March 2018
Unsecured and considered good		
Unbilled revenue	1,045,649	1,079,042
Interest accrued but not due on deposits	11,303	10,359
	1,056,952	1,089,401



Mobisy Technologies Private Limited
Notes to financial statements (continued)

22. Revenue from operations

Particulars	(Amount in Rs)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of software licenses and services		
- Domestic	187,223,008	115,567,975
- Export	8,842,868	6,257,701
	196,065,876	121,825,676
Sale of products		
- Traded goods	80,416,968	76,971,634
	80,416,968	76,971,634
	276,482,844	198,797,310

23. Other income

Particulars	(Amount in Rs)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit on redemption of mutual funds	2,996,283	963,927
Profit on sale of property, plant and equipment (net)	81,387	66,877
Interest income from fixed deposits	32,237	36,820
Interest income on income tax refunds	529,389	-
Provision no longer required written back	51,041	-
Miscellaneous income	43,075	72,191
	3,733,412	1,139,815

24. Purchase of Stock-in-trade

Particulars	(Amount in Rs)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Traded goods		
Purchase of stock-in-trade	80,357,357	77,860,043
	80,357,357	77,860,043

25. Changes in inventory of stock-in-trade

Particulars	(Amount in Rs)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Inventories at the beginning of the year:		
Stock-in-trade	1,360,769	1,437,265
	1,360,769	1,437,265
Inventories at the end of the year:		
Stock-in-trade	1,980,101	1,360,769
	1,980,101	1,360,769
Net (increase)/ decrease in stock in trade	(619,332)	76,496



Mobisy Technologies Private Limited
Notes to financial statements (continued)

26. Employee benefits expense

Particulars	(Amount in Rs)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries and wages	157,511,680	100,732,651
Contributions to provident fund	5,606,873	2,248,394
Gratuity	2,664,864	3,336,069
Employee stock compensation expenses (Refer Note 34)	6,196,319	-
Staff welfare expenses	7,542,503	4,112,953
	179,522,239	110,430,067

27. Finance costs

Particulars	(Amount in Rs)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expense on Borrowings	5,015,335	3,648,865
Loan processing charges	172,848	488,376
	5,188,183	4,137,241

28. Other expenses

Particulars	(Amount in Rs)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Legal and professional charges	29,988,951	6,147,791
Delivery service fee	6,199,739	5,683,614
Travelling and conveyance	12,545,615	5,778,186
Server hosting charges	8,961,170	4,497,443
Technical consultancy charges	15,142,402	3,824,449
Business promotion and marketing	8,199,811	3,448,198
Rent	3,422,763	2,286,561
Communication	1,748,782	2,025,587
Allowance for doubtful debts	1,173,183	1,428,425
Rates and taxes	1,188,290	2,083,623
Payments to auditors [Refer note (i)]	850,000	600,000
Repairs and maintenance:		
- Machinery	213,020	211,227
- Others	94,352	9,840
Office maintenance expense	1,665,089	330,413
Power and fuel	419,398	331,441
Bad debts	1,757,118	188,759
Printing and stationery	225,174	124,089
Net loss on foreign currency transactions and translation	128,711	52,044
Miscellaneous expenses	380,251	391,102
	94,303,819	39,442,792

Note:

(i) Auditors remuneration

Particulars	(Amount in Rs)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Statutory audit fees	650,000	450,000
Tax audit fees	100,000	50,000
reimbursement of expenses	100,000	100,000
	850,000	600,000



29. Contingent liabilities and commitments

Particulars	(Amount in Rs)	
	As at 31 March 2019	As at 31 March 2018
(i) Commitments	Refer Note A	Refer Note B
(ii) Contingent liabilities	Refer Note E	Refer Note C
Arrears of cumulative dividend on preference share capital	-	13
Claims against the Company not acknowledged as debts (Refer Note D)	1,735,675	13,500,000

Note:

A. Share Subscription cum Share Holders Agreement

1. Company has entered into Share Subscription cum Share Holders Agreement (SSHA) during the financial year on 20th April 2018 between:

- Promoters (Lalit Bhise, Shree Bhise & Vasudeva Manjunath)
- Ojas Partners
- SVCL - SIDBI Venture Capital Limited
- Triton Fund - I
- Other existing and outgoing shareholders.

to increase the Capital, wherein M/s SIDBI Venture Capital Limited and Triton Fund-I were issued equity shares and CCPS for investment of Rs. 199,807,797. On execution of the aforesaid SSHA on 20 April 2018, the previous SSHA entered by the Company with Ojas Partners on 1st March 2013 and subsequently amended on 30 July 2013 is suppressed and stands terminated.

2. As per the SSHA, Investors shall be provided with Exit from the Company in respect of their entire investment in the Company by any of the following means, at the option of the Investor on or before 31 March 2021:

(i) Initial Public Offering ("IPO") of Shares

(a) The Company and the Promoters shall arrange for an IPO of the Company's Shares on or before 31 March 2021. The nature of the public issue shall be determined by the Promoters and the Investors by mutual consultation. The Company and Promoters undertake to carry out any restructuring of the corporate structure, businesses and/or operations of the Company which may be recommended by the investment bank and mutually consented to by the Promoters and the Investors, which consent shall not be unreasonably withheld, for the purposes of enabling the Company to make the IPO. The Company and the Promoters shall endeavor to get its Shares listed on such stock exchange(s), as may be stipulated by majority of the Investors. The Promoters and the Company shall obtain all statutory and other approvals necessary for the IPO. The Promoters and the Existing Shareholders shall offer such number of shares in the IPO as may be required to obtain listing of the Shares of the Company.

(b) Subject to SEBI guidelines and other applicable laws, the Investors shall not be considered promoters of the Company and Investors shareholding in the Company shall not be offered for any lock-in requirements related to an IPO.

(c) The Promoters hereby agree to use its/their best endeavours to ensure that the Shares held by the Investors shall not be offered for lock-in. In the event that the Shares held by the Investors are subject to a lock-in period under applicable law or SEBI regulations, the Promoters shall exchange the Shares held by the Investors for an equal number of freely transferable Shares to the extent such freely transferable Shares are available with the Promoters. If the Promoters are unable to transfer Shares free of lock-in as specified herein due to reasons beyond their control, the Promoters shall transfer Shares with lock-in for the shortest period possible. It is further agreed that any expense for such transactions shall be borne by the Promoters.

(ii) Offer for Sale

In the event that the Company does not or is unable for any reason to make an IPO by 31 March 2021, the Promoters and the Company will render all necessary assistance to the Investors in making an offer for sale ("Offer for Sale") of the Investors Securities on recognized stock exchange(s) at such price and other terms and at such time as may be decided by majority of the Investors at their sole discretion. The Promoters and the Existing Shareholders shall also offer for sale to the public their shareholding in the Company to the minimum extent required by law for securing listing of the Shares on a recognized stock exchange. The Company and the Promoters hereby undertake to comply with all formalities required for such offer to the public under regulations and guidelines of SEBI and the concerned stock exchange(s) from time to time and also under the provisions of the Act and other applicable laws for the time being in force.

(iii) Buyback of the Investors securities

(a) In the event that the Company does not or is unable for any reason to make an IPO or an Offer for Sale in the manner provided in (i) & (ii) above, the Investors shall be entitled, at their discretion, to require (1) the Company and / or Promoters to find a third party buyer to purchase; or (2) the Company to buyback and / or the Promoters to purchase (including through their respective affiliates), the Investors Securities held by the Investors in the Company, in each instance, at a price that provides to the Investors an IRR of 25% (twenty five per cent) or at such price that may be decided by an independent firm of chartered accountants (appointed in consultation with the New Investors), whichever is higher, from the date of disbursement, in one or more instalments, but within a period of 12 (twelve) months from exercise of such option by such Investor;

(b) The Promoters and the Existing Shareholders shall not tender their Shares in the event of a buyback offer from the Company till all the Investors Securities have been bought back by the Company;

(c) The dividend paid on the Investors Securities shall be taken into consideration for the purpose of calculation of IRR;

(d) The IRR shall be calculated from the dates of respective investment by the relevant Investor, using the XIRR function of Microsoft Excel.

(iv) Cost

All the costs arising from the options (i) to (iii) shall be borne jointly and severally by the Company and / or the Promoters.



29. Contingent liabilities and commitments (continued)

B. Share Subscription cum Share Holders Agreement effective till 20th April 2018

1. Company had entered into Share Subscription cum Share Holders Agreement (SSHA) during the financial year 2012-13 and further amended in financial year 2013-14 to increase the Capital, wherein M/s Ojas Partners (Investors) were issued equity and preference shares for investment of Rs 14,000,000.

2. As per the SSHA, Investors shall be provided with Exit from the Company in respect of their entire investment in the Company by any of the following means, at the option of the Investor on or before 31 December 2017:

(i) Qualified IPO or Offer for Sale leading to listing of the Company's equity shares on Bombay Stock Exchange or the National Stock Exchange or such other recognized Stock Exchange suggested by the Investors, which is further subject to other conditions as per the SSHA 'Qualified IPO' means closing of an underwritten public offering of equity shares of the Company at a minimum pre- IPO market capitalization of Rs.150,00,00,000 or such other valuation approved by the Board at that point of time having regard to the then prevailing market conditions and the advice of an independent merchant banker.

(ii) Strategic Sale

'Strategic Sale' means sale of majority shareholding (>50%) of the Company for cash or listed securities as approved by the Investors at a minimum equity valuation acceptable to the Investors and the Promoters.

(iii) Induction of new investor or strategic partners who can buy the stake of the Investors at the aforesaid valuation.

As per the SSHA, Company shall undertake to bear all expenses for any of the aforesaid events, regardless of the route chosen.

The Company has subsequently entered in a revised shareholder's agreement (herein after called "revised agreement") dated 20 April 2018 whereby the Company, the Promoters, the existing shareholders, the Outgoing Shareholders and M/s Ojas Partners have accorded their consent in writing to the terms and conditions stipulated in the revised agreement and agreed that all the existing agreements and terms and conditions as stated above stands terminated. The revised terms and conditions as detailed below:

C. Unsecured short-term borrowing

During financial year 2015-16, Company had availed unsecured short-term loan of Rs.5 million from investors- M/s Ojas Partners and termination / settlement of the loan was as agreed below:

1. In case of any subsequent capital infusion or fresh issue of equity or preference shares for an amount of Rs.5 million (at premium or otherwise), shares shall be provided to the investors (Ojas Partners) for the outstanding loan amount, at 20% discounted share price as full and final settlement.

2. In case of no such capital infusion as mentioned above, the investors at their sole discretion shall be entitled to the following:

(i) Investors shall be provided with the equity shares of the Company as full and final settlement for the outstanding loan amount at a share price as determined through a Valuation.

(ii) Company to repay the outstanding loan amount at 15% interest per annum.

3. In case of any Merger or Acquisition of the Company within 1 year from the date of loan, Company shall re-pay One and half-times of the Loan amount to the Investors as full and final settlement.

During the previous year, the Company has repaid the loan along with interest.

D. The Company has entered into Reseller agreement with Mr. P.S. Parasuram (herein after referred as "Reseller") on 12 July 2014. As per the terms of contract, if clients are referred to the Company by the Reseller, the Reseller is entitled to 30% of the subscription fees. The contract has described certain roles and responsibilities to the Reseller which according to Company, the Reseller failed to perform. Since the Reseller has not fulfilled his contractual commitments as per the terms of the contract, the Company has issued a notice of termination on 19 May 2017. However, the Reseller believes that he is entitled to 30% of the subscription fees in perpetuity. Thereafter, the Reseller has issued a notice of arbitration wherein he has claimed Rs. 2 million for the period January 2017 to August 2017 and Rs. 9 million which is an expected 30% share of the subscription fees for the next 36 months and 2.5 million as compensation and legal costs and interest. The Reseller sent a letter stating that they would approach the Honorable High Court at Karnataka, Bangalore seeking an arbitration to be appointed.

Subsequently, the matter came up for hearing before the Hon'ble High Court of Karnataka and the Hon'ble court appointed Mr. K.G. Hosur to act as an arbitrator to resolve the dispute and on his resignation as arbitrator Smt. H S Kamala was appointed as sole arbitrator.

On 31 July 2019 the sole arbitrator passed final award in favor of Mr. P.S. Parasuram, entitling him to receive 30% of revenue share in respect of the license fee received by the Company from 1 January 2017 to 19 May 2017 along with interest at the rate of 18% from Jan 2017 till the date of realization including the reimbursement cost towards the arbitration and other charges amount to Rs 2,369,311 the Company has made adequate provision towards this as at 31 March 2019.

E. Provident fund

The Supreme court of India in the month of February 2019 had passed a judgment relating to definition of wages under the Provident Fund Act, 1952. The Management is of the view that there are interpretative challenges on the application of the judgment retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgment only from the date of Supreme Court Order. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

30. Employee benefits

(i) Defined contribution plan

The Company makes provident fund contributions to Defined contribution plan for qualified employees. Under the scheme the Company is required to contribute a specified percentage of its payroll costs to fund the benefits. The Company has recognized Rs.5,606,873 (31 March 2018: Rs. 2,248,394) as expense towards its provident fund contribution in the statement of profit and loss.

(ii) Defined benefit plan-unfunded

Gratuity expenses in the statement of profit and loss for the year is Rs. 2,890,665 (31 March 2018: Rs. 3,336,069). In accordance with Accounting Standard 15 (revised 2005) on "Employee Benefits" as prescribed by the Companies (Accounting Standards) Rules, 2006.

Assumptions:

Particulars	As at 31 March 2019	As at 31 March 2018
Discount rate	7.13%	7.75%
Salary escalation	7.00%	7.00%
Retirement age	58 years	58 years
Attrition rate	Upto age 30: 25% Age 31-45: 16% Age 46 and above: 1%	Upto age 30: 25% Age 31-45: 16% Age 46 and above: 1%
Mortality rates	Indian Assured Lives (2006-08) Ult Ult Mortality Rates	Indian Assured Lives (2006-08)Ult Mortality Rates
Maximum ceiling limit	2,000,000	2,000,000

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Assumptions regarding future mortality are based on published statistics and mortality rates. The valuation of defined benefit obligation is sensitive to the mortality assumptions.



31. Related party disclosures

A) Names of the related parties and description of relationship

Names of the related parties	Description of relationship
Ojas Partners	Shareholder
Vasudev Manjunath	Shareholder
Triton Fund I	Shareholder
SIDBI Trustee Company Limited	Shareholder
Key management personnel:	
Lalit Govind Bhise	Executive Director
Shree Bhise	Executive Director
Rajesh Srivathsa	Nominee Director
Kiran Poojary	Nominee Director
Pradyumna Dalmia	Nominee Director

B) Transactions with related parties:

Particulars	(Amount in Rs)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
(i) Issue of shares		
Ojas Partners - Class II equity shares	-	25,580
Ojas Partners - 0.001% Compulsorily Convertible Preference Shares	-	6,224,418
Triton Fund I	49,807,850	-
SIDBI Trustee Company Limited	149,999,947	-
(ii) Interest on loan paid		
Ojas Partners	-	1,250,000
(iii) Repayment of loan		
Ojas Partners	-	5,000,000
(iv) Remuneration to management personnel		
Lalit Govind Bhise	4,000,000	3,000,000
Vasudev Manjunath	3,500,000	3,000,000
Shree Bhise	3,000,000	3,000,000
(iv) Reimbursement of business expenses		
Lalit Govind Bhise	27,949	199,111
Shree Bhise	100,578	5,000

C) The Company has the following amount due from/ to related parties:

Particulars	(Amount in Rs)	
	As at 31 March 2019	As at 31 March 2018
(i) Remuneration payable		
Lalit Govind Bhise	232,152	1,575,939
Shree Bhise	191,271	647,959
Vasudev Manjunath	191,069	1,120,768

32. Operating leases

The total rental expense under non-cancellable operating lease rentals for the year ended 31 March 2019 amounted to Rs. 998,292 (31 March 2018: Rs. 1,970,561).

The total rental expense under cancellable operating lease rentals for the year ended 31 March 2019 amounted to Rs. 2,424,471 (31 March 2018: Rs. 316,000).



33. Earnings per share (EPS)

All amounts are in Indian Rupees except share data and per share data, unless otherwise stated

Particulars		For the year ended 31 March 2019	For the year ended 31 March 2018
(Loss)/ profit attributable to ordinary			
(Loss)/ profit for the year after taxes	(a)*	(105,278,504)	(37,125,974)
(i) Apportioned to Class I equity shares	(b)*	(105,278,504)	(37,035,172)
(ii) Apportioned to Class II equity shares	(c)	-	(90,802)
Weighted average number of Class I equity	(d)**	550,457	514,045
Basic Earnings Per Class I equity share	[b/d]	(191.26)	(72.05)
Weighted average number of Class II equity	(e)***	-	1,008
(e) Basic Earnings Per Class II equity	[c/e]	-	(90.06)

*Undistributed profit to be distributed to holders of two classes of shares

Particulars		For the year ended 31 March 2019	For the year ended 31 March 2018
Class I		(105,278,504)	(37,035,172)
Class II		-	(90,802)

** Computation of weighted average number of Class I equity shares used in calculating basic earning per share is set out below:

Particulars		For the year ended 31 March 2019	For the year ended 31 March 2018
Opening balance		549,427	506,090
Effect of fresh issue of shares		116	-
Effect of shares issued on conversion of Class II equity		913	-
Effect of shares issued on conversion of CCD		-	7,955
Weighted average number of equity shares for the year		550,457	514,045

***Computation of weighted average number of Class II equity shares used in calculating basic earning per share is set out below:

Particulars		For the year ended 31 March 2019	For the year ended 31 March 2018
Opening balance		-	1,000
Effect of fresh issue of shares		-	8
Weighted average number of equity shares for the year		-	1,008

Note: Class II equity shares were converted to Class I equity shares vide Board resolution dated 17th May 2018

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34. Employee stock option scheme

As March 31, 2019 Company has following share based payment arrangements for employees

ESOP 2010 Plan

The Company has granted stock options to its executive employees under the "ESOP 2010" plan. The plan was approved by the Board of Directors during October 2010, providing for issue of 3,000 stock options and subsequently amended by Board of Directors to provide 28,678 options to certain employees of the Company. Further, during the financial year 2017-18, as a result of equity shares being split in the ratio of 1:10, effective total options in the Stock Option Plan is revised to 286,780. Upon each option vesting entitles the option holder to acquire one equity share of Re 1 each.

The terms and conditions related to the grant of the share options are as follows:

Employees entitled	Vesting conditions	Contractual life of options
Specific employees and such numbers of options as decided by the Board or relevant committee	a) 25% of options granted shall vest after 1 (one) year from the date of grant and b) Balance 75% of the options shall vest equally over a period of 3 (three) years on a quarterly basis starting from the end of the first year as mentioned above.	Options vested can be exercised at any time by employees while in employment, but the same shall be lapsed on termination by Company without cause.

ESOP 2010 Plan:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Expense recognized in 'Employee benefits;	6,196,319	-
Expense recognized as prior-period item in statement of profit and loss	19,811,010	-
	26,007,329	-

The Company had below share based payment arrangement under ESOP 2010 as on 31 March 2019

Particulars	Date of grants	Number of options granted
Grant I	2-Aug-13	5,000
Grant II	7-Oct-14	5,000
Grant III	1-Apr-15	8,090
Grant IIII	1-Jul-16	13,220
Grant IV	1-Sep-16	8,090
Grant V	19-Sep-16	4,410
Grant VI	14-Dec-16	3,820
Grant VII	1-Jan-17	6,410
Grant VIII	1-Apr-17	1,000
Grant IX	1-Oct-18	7,500

Activity of the Plan during the year was as below:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Options granted outstanding, beginning of the year	55,040	54,040
Add: options granted	7,500	1,000
Less: forfeited	-	-
Options granted outstanding, end of the year	62,540	55,040
Options exercised at the end of the year	40,783	43,815

Note:

- Exercise price will remain constant at Re 1 for all the options granted to employees under ESOP 2010 Plan.
- Further there is no specific Contractual period defined in the ESOP Plan, except that the options shall lapse on termination by the Company without cause.
- As per the guidance note issued by ICAI (The Institute of Chartered Accountants of India), the Company has opted to account for stock options based on fair value of the options as on grant date.
- The method used is fair value of employee stock options and the inputs used for valuation are as follows:

Inputs	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Risk-free interest rate	8.03%	8.49%	7.84%	6.71%	7.42%	8.00%
Equity share price on grant date	182.92	375.98	301.6	599	639.76	739.97
Weighted Average Cost of Capital (WACC)	19.58%	19.99%	22.85%	19.73%	19.60%	18.81%

35. Prior period item

The Company up to financial year ended 31 March 2018 had not accounted for Employee share based payment plans as per the Guidance Note on accounting for Employee Share Based Payments issued by Institute of Chartered Accountants of India ('ICAI'). During the current year the Management of the Company adopted a change in their accounting policy to comply with the accounting of Employee Share Based Payments as per the Guidance Note and accordingly valuation of the Employee stock options were carried out by engaging an independent valuer. The Employee Stock Compensation Expenses pertaining to prior years on account of change in accounting policy is disclosed below.

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Employee stock compensation prior year expenses	19,811,010	-
	19,811,010	-



36. Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium enterprises has issued an office memorandum dated 26 August 2008 which recommends that the micro and small enterprises should mention in their correspondence with its customers the entrepreneur's memorandum number as allocated after filing of the memorandum. Accordingly, the disclosure in respect of amounts payable to such enterprises as at 31 March 2019 and 31 March 2018 has been made in the financial statements based on the information received and available with the Company. Further, in view of the management, the impact of interest, if any, that may be payable in accordance with the provision of the Act do not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

Based on the information available with the Company, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at 31 March 2019.

Particulars	(Amount in Rs)	
	As at 31 March 2019	As at 31 March 2018
The amounts remaining unpaid to micro and small suppliers as at the end of the year:		
— Principal	-	-
— Interest	-	-
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006).	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year.	-	-
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 year) but without adding the interest specified under MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, 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 the MSMED Act, 2006.	-	-

37. Earnings in foreign currency

Particulars	(Amount in Rs)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of services	9,028,762	6,257,701

38. Expenditure in foreign currency

Particulars	(Amount in Rs)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Travelling and conveyance	265,918	-
Miscellaneous expenses	32,648	-
Business Promotion	1,421,567	-
Server hosting charges	7,390	-
Professional charges	9,134,810	-
Technical consultancy charges	1,011,673	210,270
Communication	29,615	-

39. Details of unhedged foreign currency

Particulars	Currency	(Amount in Rs)	
		For the year ended 31 March 2019	For the year ended 31 March 2018
Trade receivable	USD	24,607	3,195
	INR	1,702,129	206,833
Trade payables	USD	16,008	3,195
	INR	1,107,294	206,833
	SGD	7,200	-
	INR	368,095	-
	GBP	18,427	-
	INR	1,667,171	-



40. Corporate Social Responsibility

The Company does not fall under the purview of Section 135 (Corporate social responsibility) of the Companies Act, 2013, therefore no money has been spent on CSR activities during the year.

41. Details on specified bank note disclosure

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.

42. Events after the reporting date

The Company subsequent to balance sheet date has incorporated an wholly owned subsidiary Company Mobisy Technology UK Limited on 24 April 2019.

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

for BSR & Co. LLP
Chartered Accountants

Firm's Registration Number: 101248W/W-100022



Sanjay Sharma
Partner
Membership Number : 063980

Place: Bengaluru

Date: 30 September 2019

for and on behalf of the Board of Directors of
Mobisy Technologies Private Limited

CIN No: U72900KA2008PTC045157



Lalit Govind Bhise

Director

DIN: 02202845

Place: Bengaluru

Date: 30 September 2019



Shree Bhise

Director

DIN: 02759442

Place: Bengaluru

Date: 30 September 2019