

SpiceTech System Private Limited
Balance sheet as at March 31, 2021
(All amounts are in Indian rupees, unless otherwise stated)

Particulars	Notes	As at March 31, 2021
ASSETS		
Current assets		
Financial assets		
(i) Trade receivables	3	1,56,34,552
(ii) Cash and cash equivalents	4	87,43,489
(iii) Other financial assets	5	75,57,502
Total current assets		3,19,35,543
Total assets		3,19,35,543
EQUITY AND LIABILITIES		
Equity		
Equity share capital	6	1,50,000
Other equity	7	(44,08,975)
Total equity		(42,58,975)
Non-current liabilities		
Long-term provisions	8	39,54,702
Total non-current liabilities		39,54,702
Current liabilities		
Financial liabilities		
(i) Trade payables	9	-
- total outstanding dues of micro enterprises and small enterprises		-
- total outstanding dues of creditors other than micro enterprises and small enterprises		1,12,06,941
(ii) Other financial liabilities	10	79,70,218
Short-term provisions	11	28,96,426
Other current liabilities	12	1,01,66,231
Total current liabilities		3,22,39,816
Total equity and liabilities		3,19,35,543
Summary of significant accounting policies	2	

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

This is the balance sheet referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
ICAI Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors

Sd/-
Neeraj Goel
Partner
Membership No: 099514

Sd/-
Ajay Singh
Director
DIN No: 01360684

Sd/-
Shiwani Singh
Director
DIN No: 05229788

Place: Gurugram
Date: June 30, 2021

Place: Gurugram
Date: June 30, 2021

Place: Gurugram
Date: June 30, 2021

SpiceTech System Private Limited**Statement of profit and loss for the period from November 11, 2020 to March 31, 2021***(All amounts are in Indian rupees, unless otherwise stated)*

Particulars	Notes	Period from November 11, 2020 to March 31, 2021
Revenue from operations		
Service income	13	5,30,10,512
Total income		5,30,10,512
Expenses		
Employee benefits expense	14	4,67,61,392
Other expenses	15	1,06,25,642
Total expenses		5,73,87,034
Earnings before interest, tax, depreciation and amortization (EBITDA)		(43,76,522)
Finance costs	16	(32,453)
Loss before tax		(44,08,975)
Tax expense	17	-
Loss after tax		(44,08,975)
Other comprehensive income for the period		-
Total comprehensive income for the period		(44,08,975)
Earnings per share (face value of Rs.10 each)	18	
-Basic		(29.39)
-Diluted		(29.39)
Summary of significant accounting policies	2	

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

This is the statement of profit and loss referred to in our report of even date.

For Walker Chandiok & Co LLP

Chartered Accountants

ICAI Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors

Sd/-
Neeraj Goel
Partner
Membership No: 099514

Sd/-
Ajay Singh
Director
DIN No: 01360684

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Shiwani Singh
Director
DIN No: 05229788

Place: Gurugram
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SpiceTech System Private Limited**Cash flow statement for the period from November 11, 2020 to March 31, 2021***(All amounts are in Indian rupees, unless otherwise stated)*

Particulars	Period from November 11, 2020 to March 31, 2021
A. Cash flows from operating activities	
Loss before tax	(44,08,975)
Adjustments for:	
Finance costs	32,453
Operating loss before working capital changes	(43,76,522)
Movements in working capital:	
Trade receivables	(1,56,34,552)
Other current financial assets	(75,57,502)
Trade payables	1,12,06,941
Other financial liabilities	79,70,218
Provisions	68,51,128
Other liabilities	1,01,66,231
Cash flows from operations	86,25,942
Income tax paid	-
Net cash flows from operating activities	86,25,942
B. Cash flows from investing activities	
	-
C. Cash flows from financing activities	
Issue of equity share capital	1,50,000
Finance costs paid	(32,453)
Net cash flows from financing activities	1,17,547
Net increase in cash and cash equivalents	87,43,489
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	87,43,489
Notes :	
Components of cash and cash equivalents	
Balance with banks in current accounts	87,43,489
Total cash and cash equivalents (note 4)	87,43,489

The accompanying notes form an integral part of these financial statement.

This is the cash flow statement referred to in our report of even date.

For Walker Chandiook & Co LLP

Chartered Accountants

ICAI Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors

Sd/-
Neeraj Goel

Partner

Membership No: 099514

Sd/-
Ajay Singh

Director

DIN No: 01360684

Sd/-
Shiwani Singh

Director

DIN No: 05229788

Place: Gurugram**Date:** June 30, 2021**Place:** Gurugram**Date:** June 30, 2021**Place:** Gurugram**Date:** June 30, 2021

SpiceTech System Private Limited**Statement of changes in equity for the period from November 11, 2020 to March 31, 2021***(All amounts are in Indian rupees, unless otherwise stated)***a. Equity share capital**

Particulars	Number of shares	Amount
Opening balance as at November 11, 2020	-	-
Issue of equity share during the period	1,50,000	1,50,000
As at March 31, 2021	1,50,000	1,50,000

b. Other equity

Particulars	Retained earnings	Total equity
Balance as at November 11, 2020	-	-
Loss for the period	(44,08,975)	(44,08,975)
As at March 31, 2021	(44,08,975)	(44,08,975)

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

This is the statement of changes in equity referred to in our report of even date.

For Walker Chandiok & Co LLP

Chartered Accountants

ICAI Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors

Sd/-

Neeraj Goel

Partner

Membership No: 099514

Place: Gurugram**Date:** June 30, 2021

Sd/-

Ajay Singh

Director

DIN No: 01360684

Place: Gurugram**Date:** June 30, 2021

Sd/-

Shiwani Singh

Director

DIN No: 05229788

Place: Gurugram**Date:** June 30, 2021

SpiceTech System Private Limited**Notes to the financial statements for the period from November 11, 2020 to March 31, 2021***(All amounts are in Indian rupees, unless otherwise stated)*

Particulars	As at March 31, 2021
3 Trade receivables* (Unsecured, considered good unless stated otherwise)	
Trade receivables	1,56,34,552
	<u><u>1,56,34,552</u></u>
4 Cash and cash equivalents	
Balances with banks in current accounts	87,43,489
	<u><u>87,43,489</u></u>
5 Other current financial assets (Unsecured, considered good unless stated otherwise)	
Contract assets	75,57,502
	<u><u>75,57,502</u></u>

*The Company does not have any receivables which are either credit impaired or where there is significant increase in credit risk.

Contract balances

Trade receivables are generally unsecured and are derived from revenue earned from customers which are primarily located in India.

Trade receivables	1,56,34,552
Contract assets*	75,57,502

*Contract assets relates to unbilled revenue.

6 Equity share capital**Authorised share capital**

(1,00,00,000 equity shares of Rs.1

each) **Balance as at November 11,**

2020 Change during the period

Balance as at March 31, 2021

-

1,00,00,000

1,00,00,000

Issued, subscribed and paid-up capital

(150,000 equity shares of Rs.1 each)

Balance as at November 11, 2020

Issued during the period

Balance as at March 31, 2021

-

1,50,000

1,50,000

a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2021	
	Number of shares	Amount (Rs.)
Shares outstanding at the beginning of the period	-	-
Issued during the period	1,50,000	1,50,000
Shares outstanding at the end of the period	1,50,000	1,50,000

b) Terms/rights attached to class of equity shares

The Company has only one class of equity shares having a face value of Rs. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

SpiceTech System Private Limited**Notes to the financial statements for the period from November 11, 2020 to March 31, 2021***(All amounts are in Indian rupees, unless otherwise stated)***c) Shares held by holding company**

Particulars	As at March 31, 2021	
	Number of shares	Amount (Rs.)
SpiceJet Limited	1,02,000	1,02,000

d) Details of shareholders holding more than 5 percent of equity share capital

Particulars	As at March 31, 2021	
	Number of shares	% against total No of shares
SpiceJet Limited	1,02,000	68%
Ajay Singh	48,000	32%

7 Other equity**Retained earnings****Balance as at November 11, 2020**

Loss for the period

Balance as at March 31, 2021**As at
March 31, 2021**

-

(44,08,975)**(44,08,975)****8 Long-term provisions**

Provision for gratuity (also refer note 20)

39,54,702**39,54,702****9 Trade payables**

Dues of micro enterprises and small enterprises

Dues of creditors other than micro enterprises and small enterprises

-

1,12,06,941**1,12,06,941**

There are no overdue amounts payable to Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not paid any interest to any Micro and Small Enterprises during the current period.

Terms and conditions of the above financial liabilities:

Trade payables are non interest bearing and carry a credit period generally between 30 and 90 days

10 Other current financial liabilities

Employee related payables

79,70,218**79,70,218****11 Short-term provisions**

Provision for gratuity (also refer note 20)

Provision for leave encashment (also refer note 20)

2,50,205

26,46,221**28,96,426****12 Other current liabilities**

Statutory dues

1,01,66,231**1,01,66,231**

SpiceTech System Private Limited**Notes to the financial statements for the period from November 11, 2020 to March 31, 2021***(All amounts are in Indian rupees, unless otherwise stated)*

Particulars	Period from November 11, 2020 to March 31, 2021
13 Revenue from operations	
Service income	5,30,10,512
	5,30,10,512
14 Employee benefits expense	
Salaries, wages and bonus	3,80,41,439
Contribution to provident and other funds	18,11,222
Gratuity expense (refer note 20)	42,04,907
Compensated absences	26,53,905
Staff welfare	49,919
	4,67,61,392
15 Other expenses	
Rent	23,96,500
Legal and professional fees*	6,48,605
Software maintenance	75,57,502
Miscellaneous expenses	23,035
	1,06,25,642
*Payments to statutory auditors as	
Audit fees	1,00,000
16 Finance costs	
Interest on delayed payment of statutory dues	32,453
	32,453
17 Income tax expense	
Current tax	-
Deferred tax	-
	-

The Company does not have taxable profits per the provisions of the Income-tax Act 1961, accordingly there are no income tax expenses accounted for in the current year.

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

Particulars	Period from November 11, 2020 to March 31, 2021
Accounting loss before Income tax	(44,08,975)
At India's statutory income tax rate of 25.168% (31 March 2020: 25.168%)	(11,09,651)
Adjustments:	
Deferred tax not created on business losses*	(11,09,651)
Income tax expense reported in the statement of profit and loss	-

*The Company has not recognised deferred tax assets on unused business losses in absence of probability and availability of sufficient future taxable income against which such losses shall be utilised.

18 Earnings per Share ('EPS')

The following reflects the loss and share data used in the basic and diluted EPS computations:

Loss after tax	(44,08,975)
Weighted average number of shares	
- Basic	1,50,000
- Diluted	1,50,000
Earnings per share (face value of Rs.10 each)	
- Basic	(29.39)
- Diluted	(29.39)

SpiceTech System Private Limited**Notes to the financial statements for the period from November 11, 2020 to March 31, 2021**

(All amounts are in Indian rupees, unless otherwise stated)

19 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the Company's management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities recognised in the financial statements that are not readily apparent from other sources. The judgements, estimates and associated assumptions are based on historical experience and other factors including estimation of effects of uncertain future events that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates (accounted on a prospective basis) are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements and/or key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized.

b) Going concern assumption

The Company has been incorporated on November 11, 2020, engaged in providing IT Services and related support services. The Company is in initial stages of operation and having losses in the current period. In spite of having losses, the Company is able to generate positive cash flows from operations. Further, basis future expectations around the business, the financial statements have been prepared on going concern basis.

c) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other long-term employee benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 20.

c) Impairment of financial assets

The Company estimates the recoverable amount of trade receivables and other financial assets, where collection of the full amount is expected to be no longer probable. For individually significant amounts, this estimation is performed on an individual basis considering the length of time past due, financial condition of the counter-party, impending legal disputes, if any and other relevant factors.

(This space has been intentionally left blank)

SpiceTech System Private Limited**Notes to the financial statements for the period from November 11, 2020 to March 31, 2021***(All amounts are in Indian rupees, unless otherwise stated)***20 Employee benefits obligation****A. Gratuity**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum limit. The scheme is unfunded and accordingly the disclosures relating to plan assets are not provided.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and amounts recognised in the balance sheet for gratuity.

(i) Amount recognised in balance sheet

Particulars	As at March 31, 2021
Defined benefit obligation ('DBO')	42,04,907
Defined benefit obligation ('DBO')	42,04,907

(ii) Bifurcation of DBO in current and non-current

Particulars	As at March 31, 2021
Current liability	2,50,205
Non-current liability	39,54,702

(iii) Expense recognised in the statement of profit and loss

Particulars	Period from November 11, 2020 to March 31, 2021
Current service cost	42,04,907
Expense recognised during the period	42,04,907

(iv) Expense recognised in other comprehensive income

Particulars	Period from November 11, 2020 to March 31, 2021
Actuarial (gain)/loss	-
Actuarial (gain)/loss recognised in other comprehensive income	-

(v) Movement in the liability recognized in the balance sheet is as under:

Particulars	As at March 31, 2021
Present value of defined benefit obligation at the beginning of the period	-
Current service cost	42,04,907
Actuarial(gain)/loss	-
Present value of defined benefit obligation at the end of the period	42,04,907

(vii) For determining the DBO liability, the following actuarial assumptions were used:

Particulars	As at March 31, 2021
I. Significant actuarial assumption	
Discount rate	7.08%
Salary escalation rate	5.00%
Pre-retirement mortality	5.00%
Attrition rate	5.00%
Number of employees	100
Retirement age (years)	58
Average age (years)	33.23
Average past service (years)	2.76
Average remaining working life (years)	24.77
Average monthly salary	38322
Weighted average duration of DBO	14.46

SpiceTech System Private Limited**Notes to the financial statements for the period from November 11, 2020 to March 31, 2021***(All amounts are in Indian rupees, unless otherwise stated)***(viii) Maturity plan of defined benefit obligation:**

Particulars	As at March 31, 2021
Within the next 12 months (next annual reporting period)	2,50,205
Between 2 and 5 years	4,91,044
Beyond 5 years	34,63,658

(ix) Sensitivity analysis for gratuity

Particulars	Period ended November 11, 2020 to March 31, 2021
Impact of the change in discount rate on present value of DBO at the end of the period	
1. Discount rate + 100 basis points	(4,26,433)
2. Discount rate - 100 basis points	5,01,983
Impact of the change in salary increases on present value of DBO at the end of the period	
3. Salary increase rate + 0.1%	4,86,090
4. Salary increase rate - 0.1%	(4,22,575)

(ix) Risk

Salary increases – Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

Investment risk – If plan is funded then assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

Discount rate - Reduction in discount rate in subsequent valuations can increase the plan's liability.

Mortality and disability – Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

B. Short-term compensated absences

The assumptions used for computing the short term accumulated compensated absences on actuarial basis are as follows:

Particulars	As at March 31, 2021
1. Discount rate	7.08%
2. Future salary increase	5.00%

C. Contributions to defined contribution plan:

During the period, the Company recognized Rs. 1,808,222 to provident fund under defined contribution plan and Rs. 3,000 for contributions to employee state insurance scheme in the statement of profit and loss.

(This space has been intentionally left blank)

SpiceTech System Private Limited
Notes to the financial statements for the period from November 11, 2020 to March 31, 2021
(All amounts are in Indian rupees, unless otherwise stated)
21 Related party transactions
a. List of related party

Relationship	Name of the party
Holding company	SpiceJet Limited
Key managerial personnel	Ajay Singh, Director Shiwani Singh, Director
Entities under control or joint control of key managerial personnel	Spice Healthcare Private Limited

b. Transactions with related party

Particulars	March 31, 2021
SpiceJet Limited	
<i>Transactions during the period:</i>	
Contribution towards equity share capital	1,02,000
Service income	4,42,30,000
Royalty expense	5,30,105
Rent expense	23,96,500
Spice Healthcare Private Limited	
<i>Transactions during the period:</i>	
Service income	87,80,512
Ajay Singh	
<i>Transactions during the period:</i>	
Contribution towards equity share capital	48,000
<i>Balance outstanding during the period end</i>	
SpiceJet Limited	
Equity share capital	1,02,000
Trade receivables	1,41,91,400
Trade payables	29,19,105
Ajay Singh	
Equity share capital	48,000
Spice Healthcare Private Limited	
Trade receivables	14,43,152
Contract assets	75,57,502

22 Fair value disclosures

Particulars	As at March 31, 2021	
	Carrying value	Fair value
Financial assets at amortised cost		
Trade receivable	1,56,34,552	1,56,34,552
Cash and cash equivalents	87,43,489	87,43,489
Other financial assets	75,57,502	75,57,502
Total	3,19,35,543	3,19,35,543
Financial liabilities at amortised cost		
Trade payables	1,12,06,941	1,12,06,941
Other financial liabilities	79,70,218	79,70,218
Total	1,91,77,159	1,91,77,159

The management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values. The management assessed that the fair value of cash and cash equivalents, other financial assets and other current and non-current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these financial instruments.

SpiceTech System Private Limited

Notes to the financial statements for the period from November 11, 2020 to March 31, 2021

(All amounts are in Indian rupees, unless otherwise stated)

SpiceTech System Private Limited**Notes to the financial statements for the period from November 11, 2020 to March 31, 2021***(All amounts are in Indian rupees, unless otherwise stated)***23 Financial risk management objectives and policies**

The Company is exposed to credit risk and liquidity risk. The Company's directors oversees the management of these risks. The Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of credit worthiness as well as concentration risks.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, cash and cash equivalents and other financial assets and all of these assets have low credit risk considering balances are either with bank or with related parties. None of the financial instruments of the Company result in material concentrations of credit risks.

Liquidity risk

Liquidity risk refers to the risk that the company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company constantly monitors funding options available in the debt markets with a view to maintaining financial flexibility.

The table below provides details regarding the contractual maturities of financial liabilities based on contractual undiscounted payments

As at March 31, 2021	Upto 1 year	1 to 5 years	Total
Other financial liabilities	79,70,218	-	79,70,218
Trade payables	1,12,06,941	-	1,12,06,941
Total	1,91,77,159	-	1,12,06,941

24 Capital management

The Company's objectives when managing capital are to maintain positive cash flow position. The Company's strategy is to maintain a reasonable current ratio. The current ratio is as follows:

Particulars	March 31, 2021
Current assets	3,19,35,543
Current liabilities	3,22,39,816
Current ratio	0.99

25 Segment reporting

The Company's primary business segment is reflected based on principal business activities carried on by the Company i.e., IT Services and related support services which as per Ind AS 108 on 'Operating Segments' is considered to be the only reportable business segment. The Company derives its major revenues from said services and entirely from one related party. The Company is operating in India which is considered as a single geographical segment.

26 Leases

The Company applies the short-term lease recognition exemption to its short-term lease of building (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term lease is recognised as expense on a straight-line basis over the lease term or another systematic basis which is more representative of the pattern of use of underlying asset.

During the year ended March 31, 2021, the Company has recognized an expense of Rs. 2,396,500 on account of short term lease which represents building having a remaining lease term of less than 12 months.

27 Adoption of financial statements

The financials have been approved by the board of directors on June 30, 2021 and there have been no significant events after the reporting period till such date.

This is summary of significant accounting policies and other explanatory information referred to in our report of even date.

For Walker Chandio & Co LLP

Chartered Accountants

ICAI Firm Registration No.: 001076N/N500013

For and on behalf of the Board of Directors

SpiceTech System Private Limited

Notes to the financial statements for the period from November 11, 2020 to March 31, 2021

(All amounts are in Indian rupees, unless otherwise stated)

Sd/-
Neeraj Goel
Partner
Membership No: 099514

Place: Gurugram
Date: June 30, 2021

Sd/-
Ajay Singh
Director
DIN No: 01360684

Place: Gurugram
Date: June 30, 2021

Sd/-
Shiwani Singh
Director
DIN No: 05229788

Place: Gurugram
Date: June 30, 2021

SpiceTech System Private Limited

Notes to the financial statements for the period from November 11, 2020 to March 31, 2021

1. Corporate information

SpiceTech System Private Limited ('the Company') is domiciled in India. The registered office of the Company is 318, 3rd Floor, H-6, Aggarwal Tower, Netaji Subhash Place, Pitampura, New Delhi 110034. The Company was incorporated on November 11, 2020 (CIN - U72900DL2020PTC373102) under the Companies Act, 2013 ('the Act'). This is the first year of existence and objective of the Company is to carry on business of providing information technology and related support services.

The financial statements were approved for issue by the board of directors on June 30, 2021.

2. A. Summary of significant accounting policies

a) Basis of preparation of financial statements

i. Statement of compliance

The Company has prepared its first financial statements for the period from November 11, 2020 to March 31, 2021 and has adopted Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Act read together with the Companies (Indian Accounting Standards) Rules 2015, as amended.

The financial statements are presented in Indian Rupees (Rs.) (its functional and presentation currency) and all values are rounded off to the nearest rupee, except where otherwise indicated.

ii. Historical cost convention

The financial statements have been prepared on the historical cost basis, except for certain financial assets and financial liabilities that are measured at fair value or amortised cost.

b) 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 consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

The Company has identified twelve months as its operating cycle.

c) Revenue from contracts with customer

Revenue from contracts with customers is recognised when the services are provided to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before providing them to the customers. The revenue is recognized net of amounts collected on behalf of third parties.

Rendering of services

The Company earns revenue primarily from providing Information Technology Services ('IT Services') and related support services. Revenue is recognised when services are provided to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services.

Contract assets

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Company performs by transferring services to a customer before the consideration is due and billed, a contract asset is recognised for the earned consideration.

d) Employee benefits

i. Short-term employee benefits

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

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

ii. Other long-term employee benefits

The Company also provides benefit of compensated absences to its employees which are in the nature of long-term employee benefit plan. The Company measures the expected cost of compensated absences which are expected to be settled within 12 months as an additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. Liability in respect of compensated absences becoming due and expected to be carried forward beyond twelve months are provided for based on the actuarial valuation using the projected unit credit method. Remeasurement gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

iii. Post-employment benefits

The Company operates the following post-employment schemes:

a. Defined benefit plans – gratuity

The Company has unfunded gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The gratuity plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method). This is based on standard rates of inflation, salary growth rate and mortality.

Discount factors are determined close to period end by reference to market yields on government bonds that have terms to maturity approximating the terms of the related liability. Service cost and net interest expense on the Company's defined benefit plan is included in employee benefits expense.

Actuarial gains/losses resulting from re-measurements of the defined benefit obligation are included in other comprehensive income.

b. Defined contribution plan – provident fund

Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. The Company recognizes contribution paid as an expense, when an employee renders the related service.

e) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

f) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

g) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

h) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash on hand and at banks and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

i) Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below.

Non-derivative financial assets

Subsequent measurement

Financial assets carried at amortised cost – A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- 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.

De-recognition of financial assets

A financial asset is de-recognised when the contractual rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Non-derivative financial liabilities

Subsequent measurement

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognised 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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

j) Impairment of financial assets

The Company applies expected credit loss model for recognising impairment loss on financial assets measured at amortised cost.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk rather, it recognises impairment loss allowance based on lifetime expected credit loss ('ECL') at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment loss allowance (or reversal) for the year is recognized in the statement of profit and loss.

k) Fair value measurement

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

l) Leases

The Company's lease asset classes primarily consist of leases for aircrafts. The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right of use assets

At the commencement date, the right of use assets are measured at cost. The cost includes an amount equal to the lease liabilities plus any lease payments made before the commencement date and any initial direct costs, less any incentives received from equipment manufacturer in terms of the same lease. An estimate of costs to be incurred in respect of redelivery obligation, in accordance with the terms of the lease, is also included in the right of use assets at commencement date.

After the commencement date, the right of use assets are measured in accordance with the accounting policy for property, plant and equipment i.e. right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policy in point (g) above on impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, plus variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Lease term

At the commencement date, the Company determines the lease term which represents non-cancellable period of initial lease for which the asset is expected to be used, together with the periods covered by an option to extend or terminate the lease, if the Company is reasonably certain at the commencement date to exercise the extension or termination option.

iv) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term or another systematic basis which is more representative of the pattern of use of underlying asset.

m) Measurement of earnings before interest, tax and depreciation and amortisation ('EBITDA')

The Company has elected to present EBITDA as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/(loss) from continuing operations. In its measurement, the Company does not include depreciation and amortisation, finance income, finance cost and tax expense.

n) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of Company or present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets are disclosed only when inflow of economic benefits therefrom is probable and recognize only when realization of income is virtually certain.

B. Changes in accounting policies/disclosures and recent accounting pronouncement

Recent accounting pronouncement [as applicable]

Amendments to Schedule III of the Act

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Act. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The revised Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015, as amended, prescribes amendments for various additional disclosures. The Company is evaluating the requirements of these amendments and their impact on the financial statements.

Amendments to Ind AS 107, Financial Instruments: Disclosures

New disclosures requirements are added in the standard to enable the users to understand the effect of interest rate benchmark reforms on entity's risk management strategy. The related amendments are also made in the other accounting standard as applicable. The Company is evaluating the requirements of these amendments and their impact on the financial statements.

Amendments to Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations and Ind AS 16, Property, Plant and Equipment

There is change in definition of recoverable amount from 'fair value less costs to sell' to 'fair value less costs of disposal'. The Company is evaluating the requirements of these amendments and their impact on the financial statements.

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