



**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF**  
**DIVYA SOFTWARE SOLUTIONS PRIVATE LIMITED**

**Report on the Standalone Ind AS Financial Statements**

**Opinion**

We have audited the accompanying Ind AS financial statements of **DIVYA SOFTWARE SOLUTIONS PRIVATE LIMITED** ('the company'), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss including the statement of other comprehensive income, the Cash flow statement and the Statement of change in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 (the '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<sup>st</sup> March, 2021 and its profit /(loss) (including Other Comprehensive Income), its changes in equity and its cash flows for the year ended on that date.

**Basis for 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 Standards are further described in the *Auditor's 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 Ind AS 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.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



Key Audit Matters	How the matter was addressed in the audit
<p><u>Useful lives of Property, Plant &amp; Equipment</u></p> <p>(Refer to Notes 3 and 4 to the financial statements)</p> <p>The property, plant and equipment are depreciated on a pro-rate basis on written down value basis, over the useful life of the assets, as estimated by the management. These estimations are based on changes in the expected level of usage, technological developments, level of wear and tear, which involve high degree of the estimation and judgement and could affect the reported residual value and depreciation of the assets. As the value of property, plant and equipment is substantial i.e. Rs. 60,85,62,090/-, which is 98.18% of the total assets of the Company, therefore any change in these estimates or actual results could have a substantial impact on the profit/ assets in future years and completeness and accuracy of the financial statements.</p>	<p><u>Our Audit Procedure :</u></p> <p>We obtained, understood and evaluated the management's estimations and specifically performed work as under:</p> <ul style="list-style-type: none"> <li>- Comparing the key assumptions, use within the impairments models to the historic performance of the respective group of assets and approved estimates.</li> <li>- Benchmarking the key assumptions, use with in the impairment models, including industry comparison and past history of the replacement age etc. and repairs requirements / cost etc.</li> </ul> <p><u>Our Results:</u></p> <p>As a result of performance of above procedures we have not identified any circumstances that would led to material adjustments to the carrying value of these assets, or change in their useful lives.</p>

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs 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 Standalone 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 Standalone 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. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone financial statements, including the disclosures, and whether the Standalone 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 (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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 and the Statement of Profit and Loss including other comprehensive income, the Cash Flow statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account;



- d. in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time;
- e. On the basis of written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**"; and
- g. As the company is a private limited company, the provision of section 197 read with Schedule V to the Act, regarding managerial remuneration are not applicable to the Company; and
- h. With respect to the other matters to be included in the Auditor's 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 does not have any pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For S. Agarwal & Co.**  
Chartered Accountants  
FRN: 000808N



**S.N. Agarwal**  
(Partner)  
M. No. : 012103

Place: New Delhi  
Date: 17-05-2021  
UDIN: 21012103AAAAEC6699





### **"Annexure A" to the Independent Auditors' Report**

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2021:


- 1)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plants and equipment;
  - (b) The property, plants and equipment have been physically verified by the management at reasonable interval and no material discrepancies between the books records and the physical property, plants and equipment have been noticed.
  - (c) The title deeds of Lease Hold Land are held in the name of company.
- 2) As explained to us, Company is not carrying any inventory during the Period, therefore no particulars required to be given for (a), (b), and (c).
- 3) 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 Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public within the meanings of section 73 to 76 of the Act and the rules framed thereunder to the extent notified.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7)
  - (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2021 for a period of more than six months from the date they become payable.
  - (b) According to the information and explanation given to us, there are no dues of income tax, Goods and Service Tax, duty of customs outstanding on account of any dispute.
- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.



- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans during the year.
- 10) Based upon the audit procedures performed and the information and explanations given to us by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the Period.
- 11) Based upon the audit and the information and explanations given by the management, the company has not paid any remuneration to the management covered under section 197 read with Schedule V to the Companies Act.
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards (Ind AS 24).
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made preferential allotment or private placement of shares, partly convertible debentures during the Period under review.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

Place: New Delhi  
Date: 17-05-2021  
UDIN: 21012103AAAAEC6699

**For S. Agarwal & Co.**  
Chartered Accountants  
FRN: 000808N

  
**S.N. Agarwal**  
(Partner)  
M. No. : 012103



## **“Annexure B” to the Independent Auditors’ Report**

(Referred to in paragraph 2(f) of the independent auditor’s report of even date on the financial statements of the company for the year ended March 31, 2021.)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”).

We have audited the internal financial controls over financial reporting of **Divya Software Solutions Private Limited** (“the Company”) as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the “Guidance Note on Audit of Internal Financial Controls Over Financial Reporting” (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the ‘Guidance Note’) and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The





procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S. Agarwal & Co.**  
Chartered Accountants  
FRN: 000808N



**S.N. Agarwal**  
(Partner)  
M. No. : 012103

Place: New Delhi  
Date: 17-05-2021  
UDIN: 21012103AAAAEC6699



# DIVYA SOFTWARE SOLUTIONS PRIVATE LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2021

(Amount In Rupees)

Particulars	Note	As at 31st March, 2021	As at 31st March, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	82,174,903	97,507,600
Investment property	4	526,387,187	553,938,117
Financial assets			
- Loans	5	5,061,784	5,061,784
Non-current tax assets (net)	6	549,034	1,211,179
		614,172,908	657,718,680
<b>Current assets</b>			
Financial assets			
- Trade receivables	7	-	118,000
- Cash and cash equivalents	8	4,632,998	3,136,394
- Other current financial assets	9	601,399	300,000
Other current assets	10	454,071	1,598,009
		5,688,468	5,152,403
<b>TOTAL ASSETS</b>		<b>619,861,376</b>	<b>662,871,083</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	11	946,330	946,330
Other Equity	12	617,188,494	659,383,112
		618,134,824	660,329,442
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Financial Liabilities			
- Other current financial liabilities	13	1,616,211	2,404,591
Other current liabilities	14	110,340	137,050
		1,726,551	2,541,641
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>619,861,375</b>	<b>662,871,083</b>

Significant Accounting Policies' and 'Notes 1 to 19' form an integral part of the Financial Statements.

For and on behalf of the Board of Directors.



(Rahul Gautam)

Director

DIN : 00192999



(Pushkar Gautam)

Director

DIN : 01646487

As per our Report of even date attached

**S. Agarwal & Co.**

Chartered Accountants

Firm Registration No. 000808N





(S N Agarwal)

Partner

Membership No. 12103

Place: New Delhi

Dated: 17-05-2021

# DIVYA SOFTWARE SOLUTIONS PRIVATE LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

(Amount In Rupees)

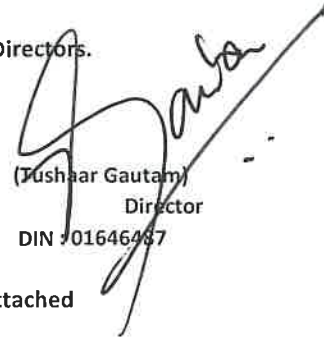
Particulars	Note No.	Year ended 31st March, 2021	Year ended 31st March, 2020
<b>INCOME :</b>			
Other income	15	2,713,883	3,021,843
<b>TOTAL INCOME</b>		<b>2,713,883</b>	<b>3,021,843</b>
<b>EXPENDITURE :</b>			
Employee benefits expenses	16	-	2,007,651
Finance costs	17	841	911
Depreciation and amortization expense	3&4	43,036,164	8,938,993
Other expenses	18	1,598,796	3,299,103
<b>TOTAL EXPENSES</b>		<b>44,635,801</b>	<b>14,246,659</b>
<b>Profit before tax</b>		<b>(41,921,918)</b>	<b>(11,224,816)</b>
<b>Tax expense</b>			
Income Tax - Current tax		272,700	-
- Earlier Tax		-	35,773
Deferred tax - Earlier Year		272,700	(759,303)
			(723,530)
<b>Profit for the year</b>		<b>(42,194,618)</b>	<b>(10,501,286)</b>
<b>Other Comprehensive Income/(Loss):</b>			
a. Items that will not be reclassified as profit or loss		-	-
b. Income tax relating to items that will not be reclassified as profit or loss		-	-
c. Items that will be reclassified as profit or loss		-	-
d. Income tax relating to items that will not be reclassified as profit or loss		-	-
<b>Other Comprehensive Income/(Loss) for the year / Period</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income / (Loss) for the year / Period</b>		<b>(42,194,618)</b>	<b>(10,501,286)</b>
Earnings per share- Basic/Diluted in Rs.		(445.88)	(111.56)

Significant Accounting Policies' and 'Notes 1 to 19' form an integral part of the Financial Statements.

For and on behalf of the Board of Directors.



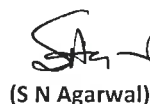
(Rahul Gautam)  
Director  
DIN : 00192999



(Tushaar Gautam)  
Director  
DIN : 01646467



As per our Report of even date attached  
**S. Agarwal & Co.**  
Chartered Accountants  
Firm Registration No. 000808N

  
(S N Agarwal)

Partner  
Membership No. 12103

Place: New Delhi  
Date : 17-05-2021

# DIVYA SOFTWARE SOLUTIONS PRIVATE LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2021

(Amount In Rupees)

Particulars	Year Ended 31st March, 2021		Year Ended 31st March, 2020	
	Amount	Total	Amount	Total
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax as per statement of profit and loss		(41,921,918)		(11,224,816)
Adjustments for:				
Depreciation and amortisation expense	43,036,164		8,938,993	
Finance costs	841		911	
Interest income	(313,883)		(815,013)	
		42,723,122		8,124,892
Operating profit before working capital changes		801,204		(3,099,924)
Adjustment for working capital changes:				
Trade and other receivables	1,261,938		690,958	
Trade payable and other liabilities and provisions	(815,090)		(10,011,337)	
		446,848		(9,320,379)
Cash Generated from Working Capital Changes		1,248,052		(12,420,304)
Cash generated from operations				
Income Tax Refund/ (Paid)	389,445		(478,005)	
		389,445		(478,005)
Net Cash inflow from Operating Activities - A		1,637,497		(12,898,309)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets including capital work in progress	(152,537)		(10,842,122)	
Deposits matured during the year	-		9,950,716	
Interest income	12,484		641,767	
		(140,053)		(249,639)
Net Cash outflow from Investing Activities - B				
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceed from Share Capital	-		10,000	
Proceed from Securities premium account	-		7,960,000	
Finance costs	(841)		(911)	
		(841)		7,969,089
Net Cash outflow from Financing Activities - C		1,496,603		(5,178,859)
Net increase in cash and bank balances (A+B+C)		3,136,394		8,315,253
Cash and bank balances (Opening Balance)		4,632,997		3,136,394
Cash and bank balances (Closing Balance)				
<b>Note to Statement of cash flows :</b>				
Cash and bank balances consists of cash and cash equivalents and cash and bank balances as under :				
Cash and cash equivalents				
- Balance with Banks	4,632,998		3,136,394	
		4,632,998		3,136,394
		4,632,998		3,136,394
- Figures in brackets indicate cash outflow.				
- The above Statement of cash flows has been prepared under the indirect method set out in Ind AS 7 - Statement of Cash Flows				

Significant Accounting Policies' and 'Notes 1 to 19' form an integral part of the Financial Statements.

For and on behalf of the Board of Directors.



(Rahul Gautam)  
Director  
DIN : 00192999

(Tushaar Gautam)  
Director  
DIN : 01648487



As per our Report of even date attached

S. Agarwal & Co.  
Chartered Accountants  
Firm Registration No.000808N

  
(S N Agarwal)  
Partner

Place: New Delhi  
Dated: 17-05-2021

Membership No. 12103

**DIVYA SOFTWARE SOLUTIONS PRIVATE LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021**

**(A) EQUITY SHARE CAPITAL**

For the year ended 31st March, 2021

(Amount In Rupees)

Balance as at 01st April, 2020	Changes in equity share capital during the year	Balance as at 31st March, 2021
946,330	-	946,330

For the year ended 31st March, 2020

Balance as at 01st April, 2019	Changes in equity share capital during the year	Balance as at 31st March, 2020
936,330	10,000	946,330

**(B) OTHER EQUITY**

For the year ended 31st March, 2021

(Amount In Rupees)

Particulars	Retained Earnings	Security Premium	Total
Balance as at 1st April, 2020	(31,867,364)	691,250,476	659,383,112
Profit for the year	(42,194,618)	-	(42,194,618)
Addition During the Year	-	-	-
Balance as at 31st March, 2021	(74,061,982)	691,250,476	617,188,494

For the year ended 31st March, 2020

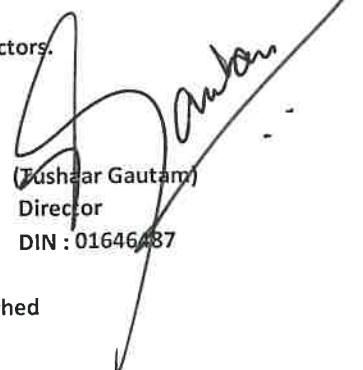
Particulars	Retained Earnings	Security Premium	Total
Balance as at 1st April, 2019	(21,366,078)	683,290,476	661,924,398
Profit for the year	(10,501,286)	-	(10,501,286)
Addition During the Year	-	7,960,000	7,960,000
Balance as at 31st March, 2020	(31,867,364)	691,250,476	659,383,112

Significant Accounting Policies' and 'Notes 1 to 19" form an integral part of the Financial Statements.

For and on behalf of the Board of Directors.




(Rahul Gautam)  
Director  
DIN : 00192999



(Pushkar Gautam)  
Director  
DIN : 01646437



As per our Report of even date attached  
S. Agarwal & Co.  
Chartered Accountants  
Firm Registration No. 000808N

  
(S N Agarwal)  
Partner

Membership No. 12103



# **DIVYA SOFTWARE SOLUTIONS PRIVATE LIMITED**

## **SIGNIFICANT ACCOUNTING POLICIES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2021**

### **1. COMPANY INFORMATION**

Divya Software Solutions Private Limited ('the Company') is a private limited Company incorporated in India, with its registered office in New Delhi. The Company is wholly owned subsidiary of "Sheela Foam Limited" which is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

The Company is into business of IT and ITES services and yet to start its operations.

The financial statements for the year ended March 31, 2021 were approved by the Board of Directors and authorized for issue on May 17, 2021 .

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **2.1 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

##### **a. Compliance with Indian Accounting Standards (Ind – AS) :**

The financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under Companies (India Accounting Standards) Rules, 2015. For all the periods upto and including year ended March 31, 2017, the Company prepared, its financial statements in accordance with the Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous Indian GAAP').

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements, All the assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria as set out in Division II of Schedule III to the Companies Act, 2013.

##### **b. Historical Cost Convention**

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

- Certain financial assets and liabilities that are measured at fair value.

##### **c. Functional and presentation currency**

The financial statements are prepared in Indian Rupees ('Rs.'), which is the Company's functional and presentation currency.

##### **d. Current versus non-current classification**

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

An asset is classified 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 12 months after the reporting period; or



- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it is:

- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within 12 months after the reporting date; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

All other liabilities are classified as non-current.

#### **Deferred tax assets and liabilities:**

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

#### **Operating Cycle:**

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

#### **e. Use of estimates and judgments**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosure and the disclosure of contingent liabilities. Uncertainty about these estimates and assumptions could result in outcomes that requires material adjustments to the carrying amount of the assets and liabilities in future period/s.

These estimates and assumptions are based on the facts and events, that existed as at the date of Balance Sheet, or that occurred after that date but provide additional evidence about conditions existing as at the Balance Sheet date.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

##### **i. Useful lives of Property Plant and Equipment**

The Property, Plant and Equipment are depreciated on a written down value basis over their respective useful lives. Management estimates the useful lives of these assets as detailed in Note- 3.1 below. Changes in the expected level of usage, technological developments, level of wear and tear could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised and could have an impact on the profit in future years.

##### **ii. Taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety



of issues depending on the conditions prevailing in the respective domicile of the companies.

### **iii. Impairment of Financial assets**

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

### **iv. Impairment of non-Financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An assets recoverable amount is the higher of an assets's fair value less cost of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

### **v. Estimation uncertainty relating to COVID-19 outbreak**

The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of trade receivables including unbilled receivables, goodwill, intangible assets and investments. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

## **2.2 Property, Plant & Equipment**

Property, Plant & Equipment are accounted for on historical cost basis (inclusive of the cost of installation and other incidental costs till commencement of commercial production) net of recoverable taxes, less accumulated depreciation and impairment loss, if any. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are added to the existing asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.



Cost of leasehold land is amortized over the period of lease.

Depreciation on property, plant & equipment is provided on a pro-rate basis on written down value basis, over the useful life of the assets estimated by the management, in the manner prescribed in Schedule II of the Companies Act, 2013. The asset's residual values, useful lives and method of depreciation are reviewed at the end of each reporting period and necessary adjustments are made accordingly, wherever required. The property, plant and equipment costing upto Rs. 5,000/- are fully depreciated during the year of addition after retaining 5% as net residual value. The useful lives in the following cases are different from those prescribed in Schedule II of the Companies Act, 2013.

<b>Asset</b>	<b>Useful life as per Schedule II of the Companies Act, 2013 (No. of Years)</b>	<b>Useful life as assessed / estimated by the Company (No. of Years)</b>
Building	60	59
Furniture & Fixtures	10	15
Vehicles :		
- Motor car	8	10
Office Equipment	5	20
Date Processing Equipment :		
- Computer Equipment	3	6
Electrical Fittings	10	20

Based on usage pattern, internal assessment and technical evaluation carried out by the technicians, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets is different from the lives as prescribed in Schedule II of the Companies Act, 2013.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognized in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

### 2.3 Investment Property

Property that is held for long- term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are added to the carrying amount only when it is probable that it will increase its useful life. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.



Investment property is derecognized when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss arising on de-recognition of the investment property is included in the Statement of Profit and Loss.

Transfers are made to / from investment property only when there is a change in its use. Transfers between investment property is made at the carrying amount of the property transferred.

## **2.4 Financial Instruments**

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

## **2.5 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits with banks which are short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

## **2.6 Provisions and Contingent Liabilities**

### **a) Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation, at the balance sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### **b) Contingent Liabilities**

A disclosure for a contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation arising as a result of past event that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

## **2.7 Revenue Recognition**

- a) Revenue from rendering of services is recognized when the performance of agreed contractual task has been completed.
- b) Interest income is recognized on time proportion basis taking into account the amount outstanding and applicable interest rates.
- c) Insurance claims are recognized to the extent the Company is reasonably certain of their ultimate receipt.
- d) Dividend income on investment is recognized when the right to receive dividend is established.
- e) Export Incentive such as duty drawbacks is recognized on post export basis on the basis of their entitlement rates.





- f) The Company has evaluated the impact of COVID – 19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts (ii) onerous obligations (iii) penalties relating to breaches of service level agreements and (iv) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID – 19 is not material based on such evaluation. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

## **2.8 Employee Benefits**

### **Short Term Employee Benefits**

All Employee benefits payable within twelve months of rendering the services are classified as short term benefits. Such benefits include salaries, wages, bonus, awards, ex-gratia, performance incentive/pay etc. and the same are recognized in the period in which the employee renders the related services.

## **2.9 Operating leases**

Operating leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases. Operating lease rentals are recognized as an expense in the statement of profit and loss on straight line basis over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate for the lessor in expected inflationary cost increase.

## **2.10 Foreign Currency Transactions**

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency existing at balance sheet date are translated at the year end exchange rates. Exchange rate differences arising on settlement of transaction and translation of monetary items are recognized as income or expenses in the year in which they arise.

Non- monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Premium or discount on forward exchange contract is amortised as income or expense over the life of the contract. Exchange difference on such contract is recognized in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward contract is recognized as income or expenditure during the period.

## **2.11 Taxation**

Tax expense for the year comprises of Current Tax and Deferred Tax.

### **a. Current Tax**

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date.



## b. **Deferred Tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax 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 realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

### **2.12 Earnings per Share:**

Basic earnings per share is calculated by dividing net profit of the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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



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NOTE-3 - PROPERTY, PLANT AND EQUIPMENT

3.3.1 Refer 'Para-2.2' of Significant Accounting Policies<sup>4</sup> for depreciation on property, plant and equipment.

3.3.2 The leasehold land has been amortised during the period by Rs.3,42,144 /- (Previous Year : Rs.3,42,144/-) as per the accounting policy in terms of the Ind AS-16 on 'Property, Plant and Equipment'.

NOTE-4 - INVESTMENT PROPERTY										(Amount In Rupees)	
Description	GROSS BLOCK			DEPRECIATION				NET BLOCK			
	As at 01.04.2020	Additions/transfer s during the year	Sales/disposal/ adjustments / transfers during the year	As at 31.03.2021	As at 01.04.2020	Transfers during the year	For the year	Sales/disposal/ adjustments/tra nsfers during the year	As at 31.03.2021	As at 31.03.2020	
i) Tangible Assets											
Building	562,044,310	152,537	-	562,196,847	8,106,194	-	27,703,467	-	526,387,187	553,938,117	
Current year's total	562,044,310	152,537	-	562,196,847	8,106,194	-	27,703,467	-	526,387,187	553,938,117	

4.1 Refer 'Para-2.3' of Significant Accounting Policies' for measurement of investment property.



## Notes to the Financial Statements for the year ended 31st March, 2021

(Amount In Rupees)

### NOTE-5 LOANS

(Unsecured, considered good)  
Security Deposits

As at 31st March, 2021	As at 31st March, 2020
5,061,784	5,061,784
<u>5,061,784</u>	<u>5,061,784</u>

### TOTAL

### NOTE-6 NON CURRENT TAX ASSETS (NET)

Advance income tax / TDS (Net of provisions)

As at 31st March, 2021	As at 31st March, 2020
549,034	1,211,179
<u>549,034</u>	<u>1,211,179</u>

### NOTE-7 TRADE RECEIVABLES

Unsecured, considered good

As at 31st March, 2021	As at 31st March, 2020
-	118,000
<u>-</u>	<u>118,000</u>

### TOTAL

7.1 Trade receivables in Current Year amounting to Nil (Previous Year: Rs. 1,18,000/-) due from related party.

7.2 Trade receivables are usually non-interest bearing and on the trade terms of 60 days.

### NOTE-8 CASH AND CASH EQUIVALENTS

Balances with banks

As at 31st March, 2021	As at 31st March, 2020
4,632,998	3,136,394
<u>4,632,998</u>	<u>3,136,394</u>

### NOTE-9 OTHER CURRENT FINANCIAL ASSETS

(Unsecured, considered good)  
Interest accrued but not due on deposits with banks  
Interest accrued Others

As at 31st March, 2021	As at 31st March, 2020
1,399	-
600,000	300,000
<u>601,399</u>	<u>300,000</u>

### NOTE-10 OTHER CURRENT ASSETS

Advance to contractors/suppliers  
Balances with Statutory/Government authorities:  
- GST  
Prepaid Expenses  
Income tax refund  
TOTAL

As at 31st March, 2021	As at 31st March, 2020
-	778,887
-	4,838
454,071	476,474
-	337,810
<u>454,071</u>	<u>1,598,009</u>



## Notes to the Financial Statements for the year ended 31st March, 2021

### NOTE-11 EQUITY SHARE CAPITAL

(Amount In Rupees)

#### Authorised:

Equity Shares of Rs.10 /- each

As at 31st March,2021		As at 31st March,2020	
No.	Amount	No.	Amount
10,000,000	100,000,000	10,000,000	100,000,000

#### Issued, Subscribed and Fully Paid up:

Equity Shares of Rs. 10/- each

94,633	946,330	94,633	946,330
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#### 11.1 Right, Preferences and Restrictions attached to Shares:

The Company has one class of equity shares having a par value of Rs. 10 per share. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity Shareholders are eligible to receive the remaining assets of the Company in proportion of their shareholding.

#### 11.2 Reconciliation of the number of shares outstanding:

Particulars	As at 31st March,2021		As at 31st March, 2020	
	Nos.	Rs. In Rupees	Nos.	Rs. In Rupees
At the beginning of the year	94,633	946,330	93,633	936,330
Add : Shares Issued during the year	-	-	1,000	10,000
At the end of the year	94,633	946,330	94,633	946,330

#### 11.3 Details of Shareholders holding more than 5% shares:

Name of the Shareholder	As at 31st March,2021		As at 31st March, 2020	
	No. of Shares	% held	No. of Shares	% held
Sheela Foam Ltd	94,632	99.99%	94,632	99.99%
Nominee shares of Sheela Foam Ltd	1	0.01%	1	0.01%





## Notes to the Financial Statements for the year ended 31st March, 2021

(Amount in Rupees)

### NOTE -12 OTHER EQUITY

#### Security Premium

As per last account  
Add : During the Year

691,250,476

691,250,476

683,290,476

7,960,000

691,250,476

#### Surplus

As per last account  
Add : Profit for the year

(31,867,364)

(74,061,982)

(21,366,078)

(10,501,286)

(31,867,364)

#### TOTAL

617,188,494

659,383,112

#### 12.1 Nature and purpose of reserves

- (a) **Security Premium** : The amount received in excess of face value of the equity shares is recognised in Security Premium Reserve .  
(b) **Surplus**: Surplus are the profits that the company has earned till date, less any transfers to general reserve, dividends or other distribution paid to shareholders.

### NOTE-13 OTHER CURRENT FINANCIAL LIABILITIES

Creditors for assets  
Payable Other Expenses  
Other liabilities

As at 31st March, 2021

As at 31st March, 2020

700,580

915,631

1,616,211

765,793

624,593

1,014,205

2,404,591

#### TOTAL

13.1 There is no amount due and outstanding to be credited to Investors Education & Protection Fund.

### NOTE-14 OTHER CURRENT LIABILITIES

Statutory liabilities

As at 31st March, 2021

As at 31st March, 2020

110,340

110,340

137,050

137,050

#### TOTAL



## Notes to the Financial Statements for the year ended 31st March, 2021

### NOTE-15 OTHER INCOME

	Year ended 31st March, 2021	Year ended 31st March, 2020
Rent Received	2,400,000	1,300,000
Interest Received - Bank Deposits	1,399	178,821
Interest Received - Others	300,000	600,000
Interest Received -Income Tax	12,484	36,192
Other miscellaneous income	-	906,830
<b>TOTAL</b>	<b>2,713,883</b>	<b>3,021,843</b>

### NOTE-16 EMPLOYEE BENEFITS EXPENSES

	Year ended 31st March, 2021	Year ended 31st March, 2020
Salaries, wages, bonus, gratuity, allowances etc.	-	2,007,651
<b>TOTAL</b>	<b>-</b>	<b>2,007,651.00</b>

### NOTE-17 FINANCE COSTS

	Year ended 31st March, 2021	Year ended 31st March, 2020
Bank Charges	841	911
<b>TOTAL</b>	<b>841</b>	<b>911</b>

### NOTE-18 OTHER EXPENSES

	Year ended 31st March, 2021	Year ended 31st March, 2020
Legal, Professional & Consultancy Charges	21,236	93,560
Software Expenses	-	200,000
Rent, Rates and taxes	18,000	18,000
Insurance Expenses	488,374	392,426
Repair & Maintenance Building	304,174	1,001,480
Repair & Maintenance Others	69,088	21,668
General Expenses	605	750
Payments to auditors:		
For Audit fees	60,000	60,000
Electricity & Water Expenses	542,400	1,243,383
Communication Expenses	94,919	267,837
<b>TOTAL</b>	<b>1,598,796</b>	<b>3,299,103</b>



# **DIVYA SOFTWARE SOLUTIONS PRIVATE LIMITED**

## **NOTE 19: OTHER NOTES TO ACCOUNTS**

- 19.1 **Contingent Liabilities and Commitments:** There is no Contingent liability and commitment to capital advance during the year.
- 19.2 No provision for gratuity has been made, as the provisions of Gratuity Act 1972 is not applicable on the Company in respect of total no. of employees.
- 19.3 As required Under the Micro, Small and Medium Enterprise Development Act, 2006 there have generally been no reported cases of delays in payments to Micro, Small and Medium Enterprise or of interest payments due to delays in such payments. They are in the process of compiling relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprise Development Act, 2006.
- 19.4 Expenditure in Foreign Exchange: Nil
- 19.5 Earnings in Foreign Exchange: Nil
- 19.6 The outbreak of (COVID-19) pandemic globally and in india is causing significant disturbance and slowdown of economic activity. The company has evaluated impact of this pandemic on its business operations and based on its review and current indicators of future impact of this pandemic on its business operations and based on its review and current indicators of future economic conditions, there is no significant impact on its financial results.

19.7 Earnings per Share:

Particulars	Current Year	Previous Year
Net Profit/(Loss) as per Statement of Profit & Loss (in Rs.)	(4,21,94,617)	(1,05,01,286)
Basic/Diluted weighted average number of equity shares outstanding during the year	94,633	94,134
Nominal value of Equity Share (Rs.)	10.00	10.00
Basic/Diluted Profit /(Loss) per Share (Rs.)	(445.88)	(111.56)

- 19.8 Related party transactions during the year in terms of the provisions of Ind AS - 24 "Related Party Disclosure" are as under:

Name of Related Party	Nature of Relationship	Country of Incorporation
Sheela Foam Limited	Holding Company	India
Staquo World Private Limited	Related Entity	India
Mr. Rahul Gautam	Director	--
Mr. Tushaar Gautam	Director	--



## (a) Transaction during the Year

(Amt. in Rs.)

Name of Related Party	Relation	Nature of Transaction	Current Year Transactions	Previous Year Transactions
Sheela Foam Ltd.	Holding Company	Rent Paid	18,000/-	18,000/-
Sheela Foam Ltd.	-Do-	Rent Received	12,00,000/-	12,00,000/-
Sheela Foam Ltd.	-Do-	Reimbursement of expenses	1,21,74,500/-	1,75,05,516/-
Staquo World Pvt. Ltd.	Related Entity	Rent Received	12,00,000/-	1,00,000/-

(

## b) Closing balance as on 31-03-2021

(Amt. in Rs.)

Name of Related Party	Relation	Nature of Transaction	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Staquo World Pvt. Ltd.	Related Entities	Trade Receivable	Nil	1,18,000/-

- 19.9 The Company has taken Land under cancellable operating lease for the period of 90 years. The lease agreement is normally renewed on expiry. There are no restrictions placed upon the Company by entering into this lease and there is no sublease.

The company has provided Depreciation on the above Leased Land proportionally to the Period of Lease.

## 19.10 Fair Value Measurements

The carrying amounts and fair values of the financial instruments by class are as follows:

Particulars	Carrying amount/Fair value	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Financial assets</b>		
<b><u>Carrying amounts/fair value:</u></b>		
<b>a) Measured at amortised cost</b>		
<b>Non-current assets</b>		
- Loans	50,61,784	50,61,784
<b>Current assets</b>		
- Trade receivables	--	1,18,000
- Cash and cash equivalents	46,32,998	31,36,394
- Bank balances other than cash and cash equivalents above	--	--
- Other current financial assets	6,01,399	3,00,000
<b>Total</b>	<b>1,02.96,181</b>	<b>86,16,178</b>



<b>Financial liabilities</b>		
<b><u>Carrying amounts/fair value:</u></b>		
<b>a) <u>Measured at amortised cost</u></b>		
<b>Current liabilities</b>		
- Other current financial liabilities	16,16,211	24,04,591
<b>Total</b>	<b>16,16,211</b>	<b>24,04,591</b>

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1. The Company has disclosed financial instruments such as trade receivables, cash and cash equivalents, other bank balances, trade payables, other financial assets and liabilities at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short-term nature.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to the account for the expected losses of these receivables.

#### 19.11 Capital Management

Equity share capital and other equity are considered for the purpose of Company's capital management.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The management and the Board of Directors monitors the return on capital as well as the level of dividends to shareholders. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

#### 19.12 Financial risk management objectives and policies

The Company's principal financial liabilities, comprise of trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances that are derived directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors and Audit Committee.





This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective.

The management reviews and agrees policies for managing each of these risks which are summarized as below:

**(a) Market Risk:**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include borrowings, security deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at March 31, 2021. The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2021.

**(i) Interest Rate Risk**

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's financial liabilities comprises of trade and other payables; however these are not exposed to risk of fluctuation in market interest rate as the rates are fixed at the time of contract/agreement and do not change for any market fluctuation.

**(b) Credit Risk**

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

**i) Financial instruments and cash & bank deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made in bank deposits, bonds, debentures and mutual funds. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2021 is the carrying amounts which are given below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the Company.

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Non-current assets</b>		
- Loans	50,61,784	50,61,784
<b>Current assets</b>		



- Trade Receivable	--	1,18,000
- Cash and cash equivalents	46,32,998	31,36,394
- Bank balances other than cash and cash equivalents above	-	-
- Other current financial assets	6,01,399	3,00,000
<b>Total</b>	<b>1,02.96,181</b>	<b>86,16,178</b>

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

The Company has considered the latest available credit-ratings of customers in view of COVID-19 to ensure the adequacy of allowance for expected credit loss towards trade and other receivables.

### (c) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short-term bank deposits, short term investments and cash credit facility. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows. The Company assessed the concentration of risk with respect to its debt and concluded it to be very low.

### Maturity profile of financial liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date:

Particulars	Carrying Value	Less than 1 year	1 to 5 years
<b>As at 31<sup>st</sup> March, 2021</b>			
Other current financial liabilities	16,16,211	16,16,211	--
<b>Total</b>	<b>16,16,211</b>	<b>16,16,211</b>	<b>--</b>

Particulars	Carrying Value	Less than 1 year	1 to 5 years
<b>As at 31<sup>st</sup> March, 2020</b>			
Other current financial liabilities	24,04,591	24,04,591	--
<b>Total</b>	<b>24,04,831</b>	<b>24,04,831</b>	<b>--</b>

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair-value of the financial-instruments factor the uncertainties arising out of COVID-19, where applicable.



19.13 Previous year figures have been regrouped / reclassified wherever it considered necessary.

**Signature to Notes 1 to 19 of the financial Statements.**

**For S. AGARWAL & CO.**  
CHARTERED ACCOUNTANTS  
Firm Reg. No. 000808N



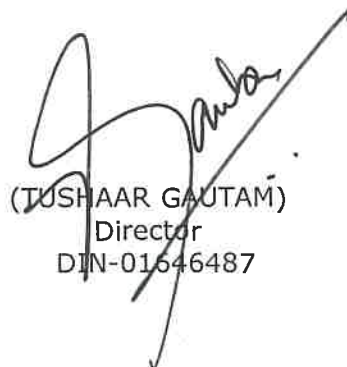
**S.N Agarwal**  
(Partner)  
M. No. 012103

Place: New Delhi  
Date: 17-05-2021

For & On Behalf of Board



(RAHUL GAUTAM)  
Director  
DIN-00192999



(TUSHAAR GAUTAM)  
Director  
DIN-01646487

