

# Manohar Chowdhry & Associates

— CHARTERED ACCOUNTANTS —

## REPORT OF THE INDEPENDENT AUDITOR ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS

The Board of Directors  
eMudhra Limited  
3rd floor, Sai Arcade,  
#56, Marathahalli,  
Sarjapur Outer Ring Rd,  
Devarabeesanahalli,  
Bengaluru, Karnataka 560103

We have audited the accompanying financial statements of eMudhra Limited ("Company") as per ICDR Regulations and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 ("LODR Regulations"). The financial statement comprises the balance sheet as at March 31, 2021, and the statement of profit and loss, and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by the management of eMudhra Limited in connection with its proposed Initial Public Offer of equity shares ("IPO") in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India.

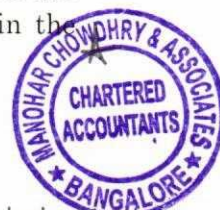
### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India; the responsibility of Board of Directors includes the design, implementation and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the



circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements of eMudhra Limited for the year ended March 31, 2021 are prepared, in all material respects, in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India.

#### Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared by the management of eMudhra Limited in connection with its proposed Initial Public Offer of equity shares ("IPO") of Company, in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the purpose of proposed Initial Public Offer (IPO) and should not be distributed to or used by any other parties and purpose.

Place of Signature- Bengaluru  
Date - October 14, 2021

For Manohar Chowdhry & Associates  
Chartered Accountants  
FRN:001997S



*D. Ashok Kumar*

Ashok Kumar Doddi  
Partner

M.No:217909

UDIN - 21217909AAAAJ57316



**eMudhra Limited**
**Cash flow statement for the year**

(All amounts are in INR million, unless otherwise stated)

Particulars	March 31, 2021	March 31, 2020
<b>A. Operating activities</b>		
Profit before tax	206.27	153.11
<b>Adjustments to reconcile profit/(loss) before tax to net cash flows:</b>		
Depreciation and amortisation expense	66.66	65.15
Interest income from bank deposits and others	(0.71)	(0.47)
Interest on lease liabilities	2.30	-
<b>Working capital adjustments:</b>		
Decrease/(Increase) in other non-current and current financial assets	(14.14)	(35.42)
Decrease/(Increase) in inventories	3.37	(3.57)
Decrease/(Increase) in trade receivable	40.69	(53.56)
Decrease/(Increase) in loans	0.40	0.23
Increase/(Decrease) in non-current and current other financial liabilities	28.69	10.79
Increase/(Decrease) in non-current and current provision	14.11	24.53
Increase/(Decrease) in non-current and current liabilities	(13.87)	7.03
Increase/(Decrease) in trade payables	(5.94)	(7.52)
<b>Total cash from operations</b>	<b>327.83</b>	<b>160.30</b>
Income taxes refund/(paid)	(11.69)	(48.27)
<b>Net Cash flow from operating Activities (A)</b>	<b>316.14</b>	<b>112.03</b>
<b>B. Investing activities</b>		
Purchase of property, plant and equipment	(180.41)	(196.36)
Purchase of intangible assets	(0.15)	(28.27)
Proceeds from sale of intangible assets	-	41.49
Increase in Right-of-Use of asset	(138.62)	-
Investment in subsidiaries	21.28	8.54
Investments in mutual funds	0.88	-
Interest received	0.07	0.03
<b>Net cash used in investing activities (B)</b>	<b>(296.95)</b>	<b>(174.57)</b>
<b>C. Financing Activities</b>		
Proceeds/(repayment) from short term borrowing, net	(57.48)	(24.03)
Proceeds/(repayment) from long term borrowings, net	(48.51)	83.64
Proceeds/(repayment) from lease liabilities, net	154.20	-
Payment of dividend	(6.56)	(6.01)
Changes in other equity on account of OCI	(3.86)	3.86
Interest paid on lease liabilities	(2.30)	-
<b>Net cash used in financing activities (C)</b>	<b>35.49</b>	<b>57.46</b>
<b>Net increase in cash and cash equivalents (D=A+B+C)</b>	<b>54.68</b>	<b>(5.08)</b>
<b>Cash and cash equivalents at the beginning of the financial year E)</b>	<b>16.66</b>	<b>21.74</b>
<b>Cash and cash equivalents at the end of the year (D+E)</b>	<b>71.34</b>	<b>16.66</b>

**Components of cash and cash equivalents as at end of the year**

	March 31, 2021	March 31, 2020
Balance with banks:		
- On current account	9.51	9.75
- Deposits with original maturity of less than 3 months	61.67	6.64
- Cash on hand	0.16	0.27
<b>Total cash and cash equivalents as per Balance Sheet</b>	<b>71.34</b>	<b>16.66</b>
<b>Cash and cash equivalents as per Statement of Cash Flow</b>	<b>71.34</b>	<b>16.66</b>

**Summary of significant accounting policies**

The accompanying notes are an integral part of the financial statements

As per our report of even date

**Manohar Chowdhry & Associates**  
Chartered Accountants  
Firm Registration Number: 001997S

**For and on behalf of the Board of Directors**  
**of eMudhra Limited**

Ashok Kumar Doddi

Partner

Membership No: 217909

UDIN

21217909AAAA DJ 7316



V Srinivasan

Chairman

DIN: 00640646

Venu Madhava

Whole time Director

DIN:06748204

Saji K Louiz

Chief Financial Officer

Johnson Xavier

Company Secretary

Place: Bengaluru

Date: October 14, 2021





## eMudhra Limited

## Balance sheet as at March 31, 2021

(All amounts are in INR million, unless otherwise stated)

Particulars	Notes	March 31,2021	March 31,2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	656.26	149.47
Capital work-in-progress	3,4	44.96	390.76
Intangible assets	4	245.93	288.17
Right-of-Use Assets	5	133.79	-
<b>Financial assets</b>			
Investments	6	191.44	213.23
Other non-current assets	7	4.64	9.41
<b>Total Non-current assets</b>		<b>1,277.02</b>	<b>1,051.04</b>
<b>Current assets</b>			
Inventories	8	3.00	6.37
<b>Financial assets</b>			
Investments	9	0.62	1.00
Trade receivables	10	137.59	178.28
Cash and cash equivalents	11	71.34	16.66
Loan	12	30.61	31.01
Other financial assets	13	122.04	113.92
<b>Total current assets</b>		<b>365.20</b>	<b>347.24</b>
<b>Total assets</b>		<b>1,642.22</b>	<b>1,398.28</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	14	350.90	350.90
Other equity	15	609.66	468.52
<b>Total equity</b>		<b>960.56</b>	<b>819.42</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	16	220.91	269.41
Lease Liabilities	17	127.87	-
Deferred tax liabilities (Net)	18	8.86	4.92
Provision	19	28.68	18.03
Other current liabilities	20	14.68	16.17
<b>Total Non-current liabilities</b>		<b>401.00</b>	<b>308.53</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	21	43.35	100.83
Lease Liabilities	22	26.33	-
Trade payables	23	29.41	35.34
Other financial liabilities	24	66.18	37.50
Provision	25	88.59	57.47
Other current liabilities	26	26.80	39.19
<b>Total current liabilities</b>		<b>280.66</b>	<b>270.33</b>
<b>Total liabilities</b>		<b>681.66</b>	<b>578.86</b>
<b>Total equity and liabilities</b>		<b>1,642.22</b>	<b>1,398.28</b>

Summary of significant accounting policies

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The accompanying notes are an integral part of the financial statements.  
As per our report of even date

Manohar Chowdhry & Associates  
Chartered Accountants  
Firm Registration Number: 001997S

Ashok Kumar Doddi  
Partner

Membership No: 217909

UDIN 21217909AAAAADJ 7316



For and on behalf of the Board of Directors  
of eMudhra Limited

V Srinivasan  
Chairman  
DIN: 00640646

Venu Madhava  
Whole time Director  
DIN:06748204

Saji K Louiz  
Chief Financial Officer

Johnson Xavier  
Company Secretary

Place: Bengaluru  
Date: October 14, 2021





**eMudhra Limited**

**Statement of profit and loss for the year**

(All amounts are in INR million, unless otherwise stated)

Particulars	Notes	March 31, 2021	March 31, 2020
<b>Income</b>			
Revenue from operations	27	1,093.67	1,030.38
Other income, net	28	3.90	3.45
<b>Total revenue</b>		<b>1,097.57</b>	<b>1,033.83</b>
<b>Expenses</b>			
Operating expenses	29	162.01	120.08
Purchase of stock-in-trade	30	180.52	236.81
Changes in stock of finished goods	31	3.37	(3.57)
Employee benefit expenses	32	328.09	272.12
Finance costs	33	8.41	6.68
Depreciation and amortisation expense	34	66.66	65.15
Other expenses	35	142.24	183.45
<b>Total expenses</b>		<b>891.30</b>	<b>880.72</b>
<b>Profit/(Loss) before exceptional items and tax</b>		<b>206.27</b>	<b>153.11</b>
<b>Profit/(Loss) before tax</b>		<b>206.27</b>	<b>153.11</b>
<b>Tax expense</b>			
Current tax		50.77	37.37
Deferred tax		3.93	1.82
<b>Total tax expenses</b>		<b>54.70</b>	<b>39.19</b>
<b>Profit/(Loss) for the year</b>		<b>151.57</b>	<b>113.92</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss:			
Remeasurement (loss)/gain on defined benefit plan		(3.86)	3.86
<b>Other comprehensive income/(loss) for the year</b>		<b>(3.86)</b>	<b>3.86</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>147.71</b>	<b>117.78</b>
<b>Earnings per share (Nominal value of share INR 5/- each)</b>	36		
Basic		2.16	1.62
Diluted		2.16	1.62
<b>Summary of significant accounting policies</b>	2		

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

**Manohar Chowdhry & Associates**  
Chartered Accountants  
Firm Registration Number: 001997S

*D. Ashok*

**Ashok Kumar Doddi**  
Partner  
Membership No: 217909  
UDIN

21217909 AAAADJ 7316



Place: Bengaluru  
Date: October 14, 2021

**For and on behalf of the Board of Directors  
of eMudhra Limited**

*V. Srinivasan*

**V Srinivasan**  
Chairman  
DIN: 00640646

*Venu Madhava*

**Venu Madhava**  
Whole time Director  
DIN: 06748204

*Saji K Louiz*

**Saji K Louiz**  
Chief Financial Officer

*Johnson Xavier*

**Johnson Xavier**  
Company Secretary





## 1. Corporate Information

eMudhra Limited ("the company" or eMudhra) provides various solutions and services like digital signatures, authentication solutions, paperless office solutions and other solutions around PKI technology. eMudhra stands for enabling a digital future with a foundation built on digital identity and trust.

The company is a public limited company incorporated and domiciled in India and has its registered office at Sai Arcade, No.56, 3rd Floor, Deverabeesanahalli, Bengaluru 560103, Karnataka, India.

eMudhra is a licensed certifying authority under the Information Technology Act, 2000, founded in 2008 from the seed of digital signatures. eMudhra has since grown to establish strong roots in solutions providing security to enterprises and end consumer for online transactions. eMudhra strives to stay relevant in the PKI and online security space by optimizing a market-based approach to drive solutions that address our customers' financial and statutory needs. eMudhra's products include digital signature certificates, authentication solutions, paperless office solutions, Certifying Authority solutions, solutions for securing data at rest and data in transit, solutions for Internet of Things (IoT), etc.

The financial statements are approved for issue by the Company's Board of Directors on October 14, 2021.

## 2. Significant accounting policies

### Basis of Preparation of Accounts

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015.

The financial statements up to year ended 31 March, 2017 were prepared in accordance with the requirements of the previous Indian GAAP which includes accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

The financial statements have been prepared under historical cost convention basis except for certain financial assets and financial liabilities measured at fair value (refer accounting policies for financial instruments).

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

### Critical estimates and judgments

#### I. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. The application of accounting policies that require critical accounting policies that require critical accounting estimates, judgements and the use of assumptions in these financial statements and therefore actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.





The company has considered the possible effects that may from the pandemic relating to COVID-19 on the carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information including credit reports and related information and economic forecasts and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

## II. Current versus non-current classification

The company presents assets and liabilities in the balance sheet based on current/ non-current classification. All the assets and liabilities have been classified as current/non-current as per the Company's normal operating cycle and other criteria set out in Division II to Schedule III of the Companies Act, 2013.

Based on the nature of services and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current and non - current classification of assets and liabilities.

## III. Critical accounting estimates and judgments

### a. Revenue recognition and expenses

The Company's contracts/sales orders with customers include promises to transfer multiple products/services ("performance obligations") to a customer. Revenues from customer contracts/sales orders ("transaction price") are considered for recognition and measurement when the contracts/sales orders have been accepted, expressed /implied, by the parties to the contract, the parties to contract/sales order are committed to perform their respective obligations under the contract/sales order, and the contract/sales order is legally enforceable.

Revenue from fixed-price maintenance contracts is recognized by estimating the proportionate completion method when the pattern of benefits from the services rendered to the customer and the Company's costs to fulfil the contract is not even through the period of the contract because the services are generally discrete in nature and not repetitive. Revenues in excess of billing are classified as unbilled revenue in our financial statements.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

For software development and related services, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses. Revenue from licenses where the customer obtains a "right to use" the licenses is recognized at the time the license is made available to the customer.

Arrangements to deliver software products generally have three elements viz. license fee, implementation/integration fee and Annual maintenance contracts ("AMC"). Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the performance obligations are satisfied. AMC revenue is recognized ratably on a straight-line basis over the period in which the services are rendered except in those cases where contract/sales order value is less than INR 1 million.





eMudhra Limited

## Notes forming part of the financial statements

In trust services, the revenues are recognised as and when the performance obligations are transferred for negotiated price, transaction price and it is highly probable that the company will be able to collect the transaction price due under the contract/sales orders or otherwise.

### Interest Income:

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

### Dividend Income:

Dividend income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

### Other Income:

Other income is accounted for on accrual basis except where the receipt of income is uncertain in which case it is accounted for on receipt basis.

### Expenses:

Expenses are accounted for on accrual basis and provisions are made for all known liabilities and losses. Those expenses spread across multiple financial years have been amortised on straight line basis over the period in which the services are received except in those cases where the contract/purchase order value is less than INR 1 million.

### b. Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in the statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

#### Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current tax assets and liabilities are offset only if, the Company:

- as a legally enforceable right to set off the recognized amounts; and
- Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### Deferred income 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 liabilities are generally recognised for all taxable temporary differences. 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.





eMudhra Limited

Notes forming part of the financial statements

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 liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

#### **Minimum Alternate Tax:**

Minimum Alternate Tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as deferred tax in the Statement of Profit and Loss. The credit available under the Income Tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent it is probable that future taxable profit will be available against which these tax credit can be utilised. Such an asset is reviewed at each Balance Sheet date

#### **c. Property, Plant and equipment**

Property, plant and equipment's (PPE) are stated at cost less accumulated depreciation and impairment losses, if any. Cost of acquisition includes directly attributable costs for bringing the assets to its present location and use.

The cost of an item of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying assets up to the date the asset is ready for its intended use.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1st April 2017, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, Plant and equipment.

Gains or losses arising from derecognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the assets derecognized.

Depreciation on PPE is provided as per straight line method as per the useful life prescribed in Schedule II of the Companies Act, 2013. However, the leasehold improvements are depreciated at lower of useful life mentioned in schedule II of the above said act or over the lease period.

However, the leasehold improvements are depreciated at lower of useful life mentioned in schedule II of the above said act or over the lease period.





#### **d. Intangible Assets**

Intangibles are stated at the acquisition price including directly attributable costs for bringing the asset into use, less accumulated amortization and impairment. Direct expenditure, if any, incurred for internally developed intangibles from which future economic benefits are expected to flow over a period of time is treated as intangible asset as per the Indian Accounting Standard on Intangible Assets.

Intangible assets are amortised on straight-line basis over a period of 10 years, based on management estimate. The amortization period and the amortization method are reviewed at the end of each financial year. Depreciation / Amortization is charged on a pro- rata basis on assets purchased/ sold during the year, with reference to date of installation/ disposal.

#### **e. Borrowings and Borrowing costs**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for Capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### **f. Financial Instruments**

##### **Initial measurement**

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition except for the trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to or deducted from the fair value on initial recognition.

Subsequent measurement [non-derivative financial instruments]

##### **Financial assets carried at amortized cost**

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely for payments of principal and interest on the principal amount outstanding.

##### **Financial assets at fair value through other comprehensive income [FVTOCI]**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely for payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its





eMudhra Limited

Notes forming part of the financial statements

investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

#### **Financial assets at fair value through profit or loss [FVTPL]**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

#### **Financial Liabilities**

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

#### **Investment in Subsidiaries and associates**

Investment in subsidiaries and Associates are measured at cost less impairment.

#### **Share Capital – Ordinary Shares**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all its liabilities. Equity instruments recognized by the company are recognized at the proceeds received net of direct issue cost.

#### **De-recognition of financial instruments**

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

#### **Fair value measurement of financial instruments**

Fair value is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market which can be accessed by the Company for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### **g. Impairment of assets**

##### **Financial Assets**

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

##### **Non-Financial Assets**

##### **Intangible assets and property, plant and equipment**

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

#### **h. Leases**

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease payments under operating leases are recognized as an expense on a straight-line basis in net profit in the Statement of Profit and Loss over the lease term.





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**i. Foreign Currency Transactions**

All transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date when the relevant transactions take place.

Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss of the year. Monetary assets and liabilities in the form of Loans, Current Assets and Current Liabilities in foreign currency, which are outstanding as at the year-end, are translated at the year-end closing exchange rate and the resultant exchange differences are recognized in the Statement of Profit and Loss.

The premium or discount arising at the inception of the forward exchange contracts related to underlying receivables and payables, if any, are amortized as an expense or income recognized over the period of the contracts. Gains or losses on renewal or cancellation of foreign exchange forward contracts are recognized as income or expense for the period.

Investments in overseas entity are recognized at the relevant exchange rates prevailing on the date of investments.

All transactions of the foreign branch during the year are included in the accounts at the rate of exchange prevailing at the end of the month in which the transactions took place. Net Gain / Loss in foreign currency transactions are recognized in the Statement of Profit and Loss. Monetary assets and liabilities are translated at the rates prevailing on the balance sheet date.

**j. Employee Benefits**

Short-term employee benefits – Employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and are recognised in the period in which the employee renders the related service.

**Post-employment benefits (defined benefit plans)** – The employees' gratuity scheme is a defined benefit plan. In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity for the eligible employees. 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 with the Company. The present value of the obligation under such defined benefit plan is determined at each Balance Sheet date based on an actuarial valuation using projected unit credit method. The discount rate is based on the prevailing market yields of Indian government securities. Gains and Losses through re-measurement of the net defined benefit liability / (asset) are recognized in Other Comprehensive Income.

**Post-employment benefits (defined contribution plans)** – Contributions to the provident fund is defined contribution plan and is recognized as an expense in the Statement of Profit and Loss in the period in which the contribution is due. Both the employee and the Company make monthly contributions to the provident fund scheme equal to the specified percentage of the covered employees' basic salary.

**Long-term employee benefits** – Long-term employee benefits comprise of compensated absences and other employee incentives, if any. These are measured based on an actuarial valuation carried out by an independent actuary at each Balance Sheet date unless they are insignificant. Actuarial gains and losses and past service costs are recognized in the Statement of Profit and Loss.

**Employee Options**

The fair value of the options granted under the value of the Company, Employee Option Plan is recognised as employee benefits expense with





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Notes forming part of the financial statements

the corresponding increase in equity. The total amount to be expensed is determined by the reference to the fair value of the options granted:

including any market conditions (e.g., the entity's share price)

- excluding the impact of any service and non- market performance vesting conditions (profitability, sales growth targets and remaining an employee of the entity over the specified period), and
- including the impact of any non-vesting conditions (e.g., the requirement for the employee to save or holding shares for the specific period of time)

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied.

At the end of each period, the entity revises its estimate of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with the corresponding adjustments to equity.

**k. Earnings per Share (EPS)**

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

**l. Cash and Cash Equivalents**

Cash and Cash equivalents comprises cash and calls on deposit with banks and corporations. The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalent.

**m. Cash Flow Statement**

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

**n. Dividends**

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

**o. Provisions and Contingencies**

Provisions are recognized when the Company has a present obligation as a result of a past event, for which it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of





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the obligation can be made. Provision is not discounted to its present value and is determined based on the last estimate required to settle the obligation at the year end.

Contingent liabilities are not provided for and are disclosed by way of notes to accounts, where there is an obligation that may, but probably will not, require outflow of resources.

Where there is a possible obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are neither recognized nor disclosed in the financial statements.

**p. Inventories**

Inventories are valued at the lower of first in first out [FIFO] cost basis and estimated net realisable value (net of allowances) after providing for obsolescence and other losses, where considered necessary. The cost comprises of cost of purchase, cost of conversion and other costs including appropriate production overheads in the case of finished goods and work-in-progress, incurred in bringing such inventories to their present location and condition. Trade discounts or rebates are deducted in determining the costs of purchase. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**Transition to Ind AS**

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 March, 2019, the comparative information presented in these financial statements for the year ended 31 March, 2018 and in the preparation of an opening Ind AS balance sheet at 01 April, 2017 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous Indian GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

**A. Exemptions and exceptions availed**

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

**1) Ind AS optional exemptions**

**a) Deemed cost**

The Company has elected to measure all of its Property, Plant and Equipment and intangible assets at their previous GAAP carrying value.





**b) Leases**

The Company has elected to assess whether a contract or arrangement contains a lease on a prospective basis i.e., on the basis of facts and circumstances existing at the date of transition to Ind AS.

**c) Investments in subsidiaries/joint ventures including the assets and liabilities.**

On transition, Ind AS 101 allows the entity to measure investments in subsidiary either at cost determined in accordance with Ind AS 27 or deemed cost. Accordingly, the Company has elected to treat cost as deemed cost for its investments held in a subsidiary.

**2) Ind AS mandatory exceptions**

**a) Estimates**

On assessment of estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise such estimates under Ind AS, as there is no objective evidence of an error in those estimates except impairment of financial asset based on expected credit loss model as the same was not required under previous GAAP.

**b) Classification and measurement of financial assets**

The Company has done the assessment of classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**c) Investments in subsidiaries and associates**

IND-AS 101 allows an entity to account for investment in subsidiaries and associates at cost or in accordance with IND-AS 109. The Company has opted to recognise these investments at cost.

**d) Impairment of financial assets**

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.





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Notes forming part of the financial statements

(All amounts are in INR million, unless otherwise stated)

3 Property, Plant and Equipment and capital work-in-progress

Particulars	Leasehold land*	Building	Building on leasehold land	Computer and hardware	Motor vehicles	Office equipment's	Total	Capital work-in-progress (Refer Note v)
<b>Year ended March 31, 2021</b>								
<b>Gross Carrying Amount</b>								
As at April 01, 2019	89.25	31.97	1.45	53.88	6.21	30.71	213.47	200.28
Additions	-	-	0.47	8.23	-	3.14	11.84	223.99
Disposals/capitalisation	-	-	-	-	-	-	-	(39.44)
As at March 31, 2020	89.25	31.97	1.92	62.11	6.21	33.85	225.31	384.83
Additions	-	-	510.74	9.33	-	0.21	520.28	712.74
Disposals/capitalisation	-	-	-	-	-	-	-	(1,052.59)
As at March 31, 2021	89.25	31.97	512.66	71.44	6.21	34.06	745.59	44.98
<b>Depreciation</b>								
As at April 01, 2019	2.52	3.23	1.44	37.60	3.11	15.17	63.07	-
Charge for the year	0.85	1.07	0.10	6.08	0.63	4.04	12.77	-
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2020	3.37	4.30	1.54	43.68	3.74	19.21	75.84	-
Charge for the year	0.85	1.07	0.18	6.70	0.55	4.14	13.49	-
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2021	4.22	5.37	1.72	50.38	4.29	23.35	89.33	-
<b>Net Block</b>								
As at March 31, 2020	85.88	27.67	0.38	18.43	2.47	14.64	149.47	384.83
As at March 31, 2021	85.03	26.60	510.94	21.06	1.92	10.71	656.26	44.98

\*Note: Out of this land worth Rs.8,30,01,213 is the the lease hold land measuring 12140.00 Sq. Mtrs located at plot no. 12- P1- A & 12 -P1-B(Corner) of Bengaluru IT Park Industrial Area in SY nos. 95/P & 7 (Block no.21,22 &24- Part) of B K Palya Village , Jala Hobli, Bengaluru North Taluk, has been allotted to our company by Karnataka Industrial Areas Development Board as per the allotment letter no. KIADB/HO/Allot/AS/30017/8927/15-16 dated 23.09.2015. The company has later obtained possession certificate vide letter no. IADB/AE/30017/1158/2015-16





**eMudhra Limited****Notes forming part of the financial statements***(All amounts are in INR million, unless otherwise stated)***4 Intangible assets and capital work in progress**

Particulars	Computer Software	Capital work-in-progress
<b>Year ended March 31, 2021</b>		
<b>Gross carrying amount</b>		
As at April 01, 2019	642.04	11.39
Additions	33.72	6.15
Disposals/capitalisation	(56.00)	(11.61)
<b>As at March 31, 2020</b>	<b>619.76</b>	<b>5.93</b>
Additions	6.10	0.15
Disposals/capitalisation		(6.10)
<b>As at March 31, 2021</b>	<b>625.86</b>	<b>(0.02)</b>
<b>Accumulated Amortisation</b>		
As at April 01, 2019	293.73	-
Charges for the year	52.37	-
Disposals	(14.51)	-
<b>As at March 31, 2020</b>	<b>331.59</b>	<b>-</b>
Charges for the year	48.34	-
Disposals	-	-
<b>As at March 31, 2021</b>	<b>379.93</b>	<b>-</b>
<b>Net block</b>		
As at March 31, 2020	288.17	5.93
As at March 31, 2021	245.93	(0.02)

**Note:**

Computer software consists of cost of ERP licenses and development cost. The useful life of computer software is estimated to be 3 years, based on technical assessment of such assets.





**eMudhra Limited****Notes forming part of the financial statements***(All amounts are in INR million, unless otherwise stated)***5 Right-of-Use Assets**

Particulars	Leasehold assets
<b>Year ended March 31, 2021</b>	
<b>Gross Carrying Amount</b>	
As at April 01, 2019	-
Additions	-
Disposals/capitalisation	-
<b>As at March 31, 2020</b>	-
Additions	138.62
Disposals/capitalisation	-
<b>As at March 31, 2021</b>	<b>138.62</b>
<b>Depreciation</b>	
As at April 01, 2019	-
Charge for the year	-
Disposals	-
<b>As at March 31, 2020</b>	-
Charge for the year	4.83
Disposals	-
<b>As at March 31, 2021</b>	<b>4.83</b>
<b>Net Block</b>	
As at March 31, 2020	-
<b>As at March 31, 2021</b>	<b>133.79</b>

Depreciation has been charged to ROU Assets on a straight line method based on the lease term and is included under depreciation and amortization expense in the statement of Profit and Loss.

Particulars	March 31, 2021	March 31, 2020
<b>Opening Lease Liability</b>	-	-
Add: Additions on lease during the year	138.62	-
Add: Accretion of Interest	2.30	-
Less: Lease Payments	(4.36)	-
<b>Lease Liability</b>	<b>136.56</b>	-
Current	20.85	-
Non-Current	115.71	-
<b>Total</b>	<b>136.56</b>	-

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 and March 31, 2020 on an undiscounted basis:

Particulars	March 31, 2021	March 31, 2020
Less than one year	40.94	-
One to two years	58.38	-
More than two years	101.00	-
<b>Total</b>	<b>200.32</b>	-

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.





## eMudhra Limited

## Notes forming part of the financial statements

(All amounts are in INR million, unless otherwise stated)

Note	Particulars	March 31, 2021	March 31, 2020
6	<b>Financial assets</b>		
	<b>Investment carried at cost:</b>		
	<b>a) Non-current investment</b>		
	Investment in mutual funds	-	0.50
	[Units of canara robeco mutual fund units @ Rs.10 per unit]		
	<b>b) Investment in unquoted equity share capital of subsidiary companies</b>		
	Investment in EMudhra Consumer Services Mu Limited	108.98	145.78
	(5,158,477 (2020:7,158,477) equity shares of face value of MUR10 each)		
	Investment in Emudhra Technology Ltd.	13.01	13.01
	(15,04,782 (2020:15,04,782) equity shares of face value of Rs.10 each)		
	Investment in Emudhra Consumer Services Limited	38.00	38.00
	(38,00,000 (2020:38,00,000) equity shares of face value of Rs.10 each)		
	Investment in Emudhra DMCC	1.01	1.01
	(51 (2020: 51) equity shares of face value of AED 1000 each)		
	Investment in Emudhra INC	8.39	8.39
	(1,05,000 (2020: 105,000) equity shares of face value of USD 1 each)		
	Investment in Emudhra PTE Limited	6.54	6.54
	(1,27,500 (2020:127,500) equity shares of face value of SGD 1 each)		
	Investment in Emudhra BV	4.61	-
	(51,000 (2020:NIL) equity shares of face value of EURO 1 each)		
	Investment in PT eMudhra Technologies Indonesia	10.90	-
	(147,500 (2020:NIL) equity shares of face value of USD 1 each)		
	<b>Total</b>	<b>191.44</b>	<b>213.23</b>
	<b>Aggregate amount invested in quoted mutual funds at cost</b>	<b>-</b>	<b>0.50</b>
	<b>Aggregate amount invested in unquoted shares at cost</b>	<b>191.44</b>	<b>212.73</b>
7	<b>Other assets</b>		
	Balance with government authorities	0.55	0.55
	Other receivables	0.00	0.00
	Prepaid expenses	4.09	8.86
	<b>Total</b>	<b>4.64</b>	<b>9.41</b>
8	<b>Inventories</b>		
	Stock in trade	3.00	6.37
	<b>Total</b>	<b>3.00</b>	<b>6.37</b>
9	<b>Investment</b>		
	Investment in Canara ROBECO MF	0.62	1.00
	<b>Total</b>	<b>0.62</b>	<b>1.00</b>
10	<b>Trade receivables</b>		
	Unsecured trade receivables	132.04	175.28
	Unsecured trade receivables from related parties[refer note no 38.2]	5.55	3.00
	<b>Total</b>	<b>137.59</b>	<b>178.28</b>
	<b>Current portion</b>	<b>137.59</b>	<b>178.28</b>
	<b>Breakup of security details:</b>		
	Unsecured, considered good	137.59	178.28
	<b>Gross Trade Receivables</b>	<b>137.59</b>	<b>178.28</b>
11	<b>Cash and cash equivalents</b>		
	Balance with banks:		
	- On current account	9.51	9.75
	Balances with bank held as margin money deposits as against bank guarantees	21.67	6.64
	Cash on hand	0.16	0.27
	Deposits with original maturity of more than 12 months[pledged with bank]	40.00	-
	<b>Total</b>	<b>71.34</b>	<b>16.66</b>
12	<b>Loan</b>		
	<b>Loans considered good - Unsecured</b>		
	Loans to employees	0.25	0.33
	Loan to eMudhra employees stock options trust	30.36	30.68
	<b>Total</b>	<b>30.61</b>	<b>31.01</b>
13	<b>Other financial assets</b>		
	<b>Other financial assets at amortised cost</b>		
	Income tax receivable, net	-	11.43
	Interest accrued on fixed deposits	1.54	0.90
	Advance to capital creditors	11.55	0.02
	Advance to suppliers	3.45	3.58
	Balance with government authorities	1.02	0.18
	Other deposits	1.03	1.14
	Others	-	0.06
	Prepaid expenses	9.72	14.75
	Rent deposit	8.36	11.60
	Security deposits	12.28	5.20
	Staff advance	-	0.53
	Tender deposit	0.97	1.35
	Unbilled revenue	72.12	63.18
	<b>Total</b>	<b>122.04</b>	<b>113.92</b>





## 14 Equity share capital

## (i) Authorised equity share capitals

Particulars	No. of Shares	Amount
As at April 01, 2019	12,30,00,000	615.00
Increase during the year	-	-
As at March 31, 2020	12,30,00,000	615.00
Increase during the year	-	-
As at March 31, 2021	12,30,00,000	615.00

## (ii) Issued, subscribed and paid-up equity share capital

Particulars	No. of Shares	Amount
As at April 01, 2019	7,01,79,692	350.90
Increase during the year	-	-
As at March 31, 2020	7,01,79,692	350.90
Increase during the year	-	-
As at March 31, 2021	7,01,79,692	350.90

The company has only one class of equity shares having par value of INR 5 per share. Each holder of equity shares is entitled to one vote per share.

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 each shareholder.

## (iii) Reconciliation of the equity share outstanding at the beginning and at the end of the year:

Particulars	March 31, 2021		March 31, 2020	
	No. of Shares	Amount	No. of Shares	Amount
Share outstanding at the beginning of the year	7,01,79,692	350.90	7,01,79,692	350.90
Share issued during the year	-	-	-	-
Share outstanding at the end of the year	7,01,79,692	350.90	7,01,79,692	350.90

## (iv) Details of shareholders holding more than 5% shares in the Company

Name of shareholder	March 31, 2021		March 31, 2020	
	No. of Shares	% Holding	No. of Shares	% Holding
V Srinivasan	2,79,71,264	39.86%	2,79,71,264	39.86%
Taarav Pte Ltd	1,83,59,123	26.16%	1,83,59,123	26.16%
Lakshmi Kaushik	62,01,466	8.84%	62,01,466	8.84%
Arvind Srinivasan	66,36,515	9.46%	66,36,515	9.46%
eMudhra Employees Stock Option Trust	61,32,801	8.74%	61,32,801	8.74%





Note	Particulars	March 31,2021	March 31,2020
15	<b>Other equity</b>		
	Capital reserve [refer note 15.1 below]	164.00	89.00
	Preference share capital	86.00	86.00
	Retained earnings [refer note 15.2 below]	359.66	289.66
	Total other comprehensive income	-	3.86
		<u>609.66</u>	<u>468.52</u>
15.1	<b>Capital redemption reserve</b>		
	Balance at the beginning of the year	89.00	89.00
	Add: transferred from retained earnings	75.00	
	<b>Balance as at the end of the year</b>	<u>164.00</u>	<u>89.00</u>
15.2	<b>Retained earnings</b>		
	Balance at the beginning of the year	289.65	181.75
	Profit/ (Loss) for the year	151.57	113.92
	Less: Transfer to capital redemption reserve	75.00	-
	Less: Dividend paid [including dividend distribution tax]	6.56	6.01
	<b>Balance as at the end of the year</b>	<u>359.66</u>	<u>289.66</u>
	<b>Total comprehensive income for the year</b>		
	Other comprehensive income for the year	3.86	-
	Add: Other comprehensive income for the year	(3.86)	3.86
	<b>Balance as at the end of the year</b>	<u>-</u>	<u>3.86</u>





**eMudhra Limited**
**Notes forming part of the financial statements**
*(All amounts are in INR million, unless otherwise stated)*

Note	Particulars	March 31,2021	March 31,2020
<b>16</b>	<b>Borrowings</b>		
	<b>Secured</b>		
	Preference share capital [Refer note 16.1]	-	75.00
	Term loan from bank [Refer note 16.2]	271.85	214.57
	<b>Total borrowings</b>	<b>271.85</b>	<b>289.57</b>
	Less: Current maturities of long term loans (clubbed under other financial liabilities)	50.94	20.16
	<b>Total</b>	<b>220.91</b>	<b>269.41</b>
<b>16.1</b>	These are the preference share issued to M/s 3i Infotech Limited comprising of 75,00,000(September 30,2021:NIL, March 31,2021:NIL,March 31,2020:75,00,000 and March 31,2019:75,00,000) at a face value of INR 10 each. These shares were redeemed during FY 2020-21 at par and had a 3% coupon rate until its redemption in January 2021. Remaining preference shares amounting to INR 86.00 million are held by the promoter group and grouped under other equity		
<b>17</b>	<b>Lease Liability</b>		
	Lease Liability	154.20	-
	Less: Current Liability of Lease	26.33	-
		<b>127.87</b>	<b>-</b>
<b>18</b>	<b>Deferred tax assets (Net)</b>		
	<b>Deferred tax asset/liability,net</b>		
	Taxation rate considered for computing deferred tax asset/liability [%]	22.88	22.88
	On account of timing difference of depreciation and other expenses	8.86	4.92
	<b>Total</b>	<b>8.86</b>	<b>4.92</b>
<b>19</b>	<b>Provisions</b>		
	Provision for Leave Benefits	5.81	3.37
	Provision for gratuity (Refer note no 39)	22.87	14.66
	<b>Total</b>	<b>28.68</b>	<b>18.03</b>
<b>20</b>	<b>Other current liabilities</b>		
	Advance from customers	12.15	13.64
	Security deposit from customers	2.53	2.53
	<b>Total</b>	<b>14.68</b>	<b>16.17</b>
<b>21</b>	<b>Current borrowings</b>		
	<b>Secured</b>		
	Working capital demand loan	43.35	79.23
	Short-term loan from associates/subsidiaries	-	21.60
	<b>Total</b>	<b>43.35</b>	<b>100.83</b>
<b>22</b>	<b>Lease Liabilities</b>		
	Current Liability of Lease	26.33	-
	<b>Total</b>	<b>26.33</b>	<b>-</b>





**eMudhra Limited**

**Notes forming part of the financial statements**

*(All amounts are in INR million, unless otherwise stated)*

Note	Particulars	March 31,2021	March 31,2020
<b>23</b>	<b>Trade payables</b>		
	Total outstanding dues to Micro Enterprises and Small Enterprises	19.29	2.32
	Total outstanding dues to Creditors other than Micro Enterprises and Small Enterprises	10.12	33.02
	<b>Total</b>	<b>29.41</b>	<b>35.34</b>
<b>24</b>	<b>Other financial liabilities</b>		
	DSC Portal deposit	9.11	10.31
	Current maturities of long term debts	50.94	20.16
	Capital creditors	6.13	7.03
	<b>Total</b>	<b>66.18</b>	<b>37.50</b>
<b>25</b>	<b>Provision</b>		
	Provision for tax,net	27.67	
	Other payables towards contractual obligations	32.43	25.79
	Employee benefits payable	24.86	30.11
	Provision for Leave Benefits	3.26	1.57
	Provision for gratuity (Refer note no 39)	0.37	-
	<b>Total</b>	<b>88.59</b>	<b>57.47</b>
<b>26</b>	<b>Other liabilities</b>		
	Advance from customers	4.46	10.13
	Statutory dues	22.34	29.06
	<b>Total</b>	<b>26.80</b>	<b>39.19</b>





**eMudhra Limited**

**Notes forming part of the financial statements**

*(All amounts are in INR million, unless otherwise stated)*

**Note 16.2 Borrowing from Bank**

Particulars	March 31, 2021	March 31, 2020
<b>Long Term Borrowings</b>		
From banks	271.85	214.57
<b>Total</b>	<b>271.85</b>	<b>214.57</b>





## eMudhra Limited

## Notes forming part of the financial statements

(All amounts are in INR million, unless otherwise stated)

Note	Particulars	March 31,2021	March 31,2020
27	<b>Revenue from operations</b>		
	Sale of software solutions/services	931.07	861.20
	Sale of accessories	162.60	169.18
	<b>Total</b>	<b>1,093.67</b>	<b>1,030.38</b>
28	<b>Other income, net</b>		
	Gain/premium on redemption of shares	2.70	2.98
	Interest income of fixed deposit	0.71	0.47
	Interest income on income tax refund	0.31	-
	Other miscellaneous income	0.18	-
	<b>Total</b>	<b>3.90</b>	<b>3.45</b>
29	<b>Operating expenses</b>		
	Commission expenses	68.11	53.64
	DSC collection and verification charges	0.00	2.17
	License fee expenses	36.60	-
	Other direct operating expenses	46.83	56.74
	Payment gateway charges	4.30	3.51
	Postage and courier charges	6.17	4.02
	<b>Total</b>	<b>162.01</b>	<b>120.08</b>
30	<b>Purchases of stock-in-trade</b>		
	Purchase of crypto token/hardware's	169.74	216.81
	SSL Certificates	10.78	20.00
	<b>Total</b>	<b>180.52</b>	<b>236.81</b>
31	<b>Changes in inventories of stock-in-trade</b>		
	<b>Finished Goods</b>		
	<b>Opening stock:</b>		
	Crypto token/HSM	6.37	2.80
		6.37	2.80
	<b>Closing stock:</b>		
	Crypto token/HSM	3.00	6.37
	Closing stock	3.00	6.37
	<b>Total</b>	<b>3.37</b>	<b>(3.57)</b>
32	<b>Employee benefit expense</b>		
	Contribution to provident and other funds	9.67	8.78
	Gratuity	6.09	5.90
	Leave compensation	5.09	0.61
	employee insurance expenses	5.13	4.12
	Salaries, allowances and bonus	298.86	245.40
	Staff welfare expenses	3.25	7.31
	<b>Total</b>	<b>328.09</b>	<b>272.12</b>





**eMudhra Limited****Notes forming part of the financial statements***(All amounts are in INR million, unless otherwise stated)*

Note	Particulars	March 31,2021	March 31,2020
<b>33</b>	<b>Financial costs</b>		
	<b>Interest and finance charges on financial liabilities carried at amortised cost</b>		
	Interest on term loans	17.24	26.21
	Interest on lease liabilities	2.30	-
	Interest on overdraft/cash credit facilities	6.03	6.48
	Less: interest amount capitalised	17.24	26.21
	Total interest on financial liabilities carried at amortised cost	<b>8.33</b>	<b>6.48</b>
	Interest on delayed payment of statutory dues	0.08	0.20
	<b>Total</b>	<b>8.41</b>	<b>6.68</b>
<b>34</b>	<b>Depreciation and amortisation expense</b>		
	Amortisation on intangible assets	48.34	52.37
	Depreciation on right to use assets	4.83	-
	Depreciation on plant, property and equipment	13.49	12.78
	<b>Total</b>	<b>66.66</b>	<b>65.15</b>
<b>35</b>	<b>Other expenses</b>		
	Auditors' remuneration [refer note 35.1]	2.03	1.61
	Business promotion and advertisements	24.62	22.65
	Communication expenses	8.48	9.13
	Contribution for corporate social responsibility expenses (refer note 35.2)	2.18	1.89
	Power and fuel expenses	7.13	8.90
	Fees rates and taxes	7.77	2.64
	Information technology expenses	6.02	3.41
	Insurance expenses	2.13	1.52
	Legal and professional expenses	28.74	60.16
	Local conveyance	0.53	2.17
	Meeting and conference expenses	-	0.50
	Membership charges	1.82	0.69
	Miscellaneous expense	0.34	0.22
	Office maintenance expense	8.55	9.56
	Printing and stationery	1.28	4.29
	Recruitment and training expenses	2.23	1.06
	Rent	33.19	28.93
	-Plant and machinery	1.46	2.34
	-Buildings	0.17	0.40
	-others	0.10	0.14
	Travelling, boarding and lodging expenses	2.47	20.92
	Foreign exchange loss	1.00	0.32
	<b>Total</b>	<b>142.24</b>	<b>183.45</b>
<b>35.1</b>	<b>Payment to statutory auditors</b>		
	As Auditor towards:		
	Statutory audit	0.70	0.70
	reimbursement matters	0.20	0.34
		<b>0.90</b>	<b>1.04</b>
<b>35.2</b>	<b>Corporate social responsibility expense</b>		
	Amount required to be spent as per section 135 of the Companies Act,2013	1.97	1.85
	<b>Amount spent during the year on</b>		
	a. Promoting of education	2.18	1.89
	<b>Total CSR expenses</b>	<b>2.18</b>	<b>1.89</b>



**eMudhra Limited**

**Notes forming part of the financial statements**

(All amounts are in INR million, unless otherwise stated)

Note	Particulars		March 31, 2021	March 31, 2020
<b>36</b>	<b>Earnings per share</b>			
	<b>Basic:</b>			
	Profit after tax	A	151.57	113.92
	Weighted average number of shares outstanding	B	7,01,79,692	7,01,79,692
	Basic EPS	A/B	2.16	1.62
	<b>Diluted</b>			
	Profit after tax	A	151.57	113.92
	Weighted average number of shares outstanding	B	7,01,79,692	7,01,79,692
	Diluted EPS	A/B	2.16	1.62
<b>37</b>	<b>Foreign Exchange Earnings / Expenses</b>			
	Foreign exchange earned		12.46	39.27
	Foreign exchange used		72.41	12.23





38 Annexure VI- 38 :Notes forming part of the Financial Information of eMudhra Limited

(All amounts are in INR million, unless otherwise stated)

A. Disclosure related to subsidiary, associate and group companies

1 Particulars of subsidiary, associate and group companies :

Sl No	Name of the company	Address	Relationship	March 31,2021	March 31,2020
1	eMudhra (MU) Limited	10, Frere Felix de Valois Steet, Port Louis, Mauritius.	Subsidiary company	100%	100%
2	eMudhra Technologies Limited	#56, Sai Arcade, Deverabesenahalli, Bangalore, Karnataka.	Subsidiary company	51%	51%
3	eMudhra consumer Services Limited	#56, Sai Arcade, Deverabesenahalli, Bangalore, Karnataka.	Subsidiary company	76%	76%
4	eMudhra INC	97 Cedar Grove Lane Suite 202 Simerser, NJ 08873	Subsidiary company [September 30,2021: directly 51% and through eMudhra (MU) Limited 49%[NIL for previous financial years]]	51%	51%
5	eMudhra PTE Limited	#03-01,1 Phillip Street Royal one Phillip Singapore 486592	Subsidiary company [September 30,2021: directly 51% and through eMudhra (MU) Limited 49%[NIL for previous financial years]]	51%	51%
6	Taarav PTE Limited	#03-01,1 Phillip Street Royal one Phillip Singapore 486592	Group Company	NA	NA
7	eMudhra DMCC	3006,One Lake Plaza, Cluster T Jumeriah Lake Towers PO Box no.32620, Dubai UAE	Subsidiary company [September 30,2021: directly 51% and through eMudhra (MU) Limited 49%[NIL for previous financial years]]	51%	51%
8	eMudhra BV	Wilhelmina Van Pruisenwg 0014, 2595AN- 'Sgravenhage The Netherlands	Subsidiary company [September 30,2021: directly 51% and through eMudhra (MU) Limited 49%[NIL for previous financial years]]	51%	NA
9	Smart Craft Private Limited	#56, Sai Arcade, Deverabesenahalli, Bangalore, Karnataka.	Group Company	NA	NA
10	Cedar Grove Real Estates Private Limited	#56, Sai Arcade, Deverabesenahalli, Bangalore, Karnataka.	Group Company	NA	NA
11	Bluesky Infotech [Partnership firm]	#56, Sai Arcade, Deverabesenahalli, Bangalore, Karnataka.	Group entity	NA	NA
12	Bluesky Infotech [Partnership firm]	2nd Floor, Tek Tower 11 Rajiv Gandhi Salai (OMR),Thoraipakkam Chennai – 600 097.	Group entity	NA	NA
13	eMudhra employees stock option trust	#56, Sai Arcade, Deverabesenahalli, Bangalore, Karnataka.	Group entity	NA	NA

2 Particulars of key managerial person

Sl No	Entity Name	Name of the key managerial person		Relationship
		March 31,2021	March 31,2020	
1	eMudhra Limited			
		V. Srinivasan	V. Srinivasan	Promoter and director
		Mythili Srinivasan	Mythili Srinivasan	Promoter group
		Kaushik Srinivasan	Kaushik Srinivasan	Promoter group
		Kaushik Srinivasan	Kaushik Srinivasan	Promoter group
		Lakshmi Kaushik	Lakshmi Kaushik	Promoter group
		Arvind Srinivasan	Arvind Srinivasan	Promoter group
		Aishwarya Arvind	Aishwarya Arvind	Promoter group
		Venu Madhava	Venu Madhava	Whole time director
		Saji K Louiz	Saji K Louiz	Chief financial officer
		Johnson Xavier	Johnson Xavier	Company secretary





**38.1 Annexure VI- 38.1 :Notes forming part of the Financial Information of eMudhra Limited**  
(All amounts are in INR million, unless otherwise stated)

**Related party disclosures**

**1 Disclosure related to subsidiary, associate and group company transactions**

SI No	Nature of transaction	Related party	Nature of relationship	March 31,2021	March 31,2020
1	Expenses incurred on behalf and reimbursed				
		eMudhra Technologies Limited	Subsidiary company		0.40
		eMudhra consumer Services Limited	Subsidiary company		0.61
2	Sales of Fixed Asset				
		eMudhra consumer Services Limited	Subsidiary company		41.49
3	Sales of products/services				
		Bluesky Infotech [Partnership firm]	Group entity	109.53	157.40
		eMudhra DMCC	Subsidiary company	7.43	6.08
		eMudhra consumer Services Limited	Subsidiary company	25.00	4.24
		Smart Craft Private Limited	Group Company		0.57
4	Sales of software Licencing fees				
		eMudhra Consumer Services Limited	Subsidiary company	0.59	-
		eMudhra INC	Subsidiary company	2.95	
		eMudhra DMCC	Subsidiary company	4.84	
5	Purchase of products/services				
		eMudhra Technologies Limited	Subsidiary company	11.41	69.50
		Smart Craft Private Limited	Group Company	0.01	0.18
		Bluesky Infotech [Partnership firm]	Group entity	78.78	1.99
		eMudhra Consumer Services Limited	Subsidiary company	-	49.86
6	Purchase of software Licencing fees				
		eMudhra Consumer Services Limited	Subsidiary company	36.60	17.68
7	Receipt (repayment) of loan, net				
		eMudhra consumer Services Limited	Subsidiary company		(47.90)
		Bluesky Infotech [Partnership firm]	Group entity	(21.60)	21.60
		eMudhra employees stock option trust(net)	Group entity	0.33	
8	Commission paid				
		Bluesky Infotech	Group entity	16.99	11.21

**2 Detailed transactions with key managerial persons**

SI No	Nature of transaction	Related party	Nature of relationship	March 31,2021	March 31,2020
1	Salary and allowances paid				
		Venu Madhava	Whole time director	4.36	3.95
		Kaushik Srinivasan	Promoter group	6.01	4.75
		Saji K Louiz	Chief financial officer	3.95	3.55
		Johnson Xavier	Company secretary	1.49	1.30
2	Preference dividend paid				
		V. Srinivasan	Promoter and director	1.61	1.61
		Mythili Srinivasan	Promoter group	0.39	0.39
		Kaushik Srinivasan	Promoter group	0.29	0.29
		Arvind Srinivasan	Promoter group	0.29	0.29





**38.2 Annexure VI- 38.2 :Notes forming part of the Financial Information of eMudhra Limited**

(All amounts are in INR million, unless otherwise stated)

**Related party disclosures****Disclosure related to subsidiary, associate, group company and KMP balances**

Sl No	Nature of transaction	Related party	Nature of relationship	Balances	
				March 31,2021	March 31,2020
1	Due From				
		eMudhra DMCC	Subsidiary company	5.55	3.00





**39 Disclosures under accounting standard 15****a) Post Retirement Benefit- Defined Contribution Plans**

The Company has recognised an amount of INR 9.30 (2020: INR 8.07) as expenses under the defined contribution plans in the Statement of Profit and Loss in respect of contribution to Provident Fund for the year ended March 31, 2021.

**b) Post Retirement Benefit- Defined Benefit Plan**

The Company makes provision for gratuity based on actuarial valuation done on projected unit credit method at each balance sheet date.

The Company makes annual contribution to the Gratuity Fund Trust which is maintained by LIC of India, a defined benefit plan for qualifying employees. The Scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment as per provisions of Payment of Gratuity Act, 1972.

The present value of the defined benefit obligation and the related current service cost are measured using the projected unit credit method with actuarial valuation being carried out at the balance sheet date.

**Particulars****(i) Present Value of Defined Benefit Obligation - Gratuity**

	March 31,2021	March 31,2020
Balance at the beginning of the year	21.66	19.42
Current service cost	4.39	5.27
Interest cost	1.13	1.32
Actuarial (gain)/loss	4.37	(4.06)
Benefits paid	(1.21)	(0.30)
<b>Balance at the end of the year</b>	<b>30.34</b>	<b>21.65</b>

**(ii) Fair value of Plan Assets**

Balance at the beginning of the year	7.00	4.90
Expected return on plan assets	0.41	0.35
Contribution	0.87	2.25
Actuarial gain/(loss)	0.03	(0.20)
Benefits paid	(1.21)	(0.30)
<b>Balance at the end of the year</b>	<b>7.10</b>	<b>7.00</b>

**(iii) Assets and liabilities recognised in the Balance Sheet**

Present value of defined benefit obligation	30.34	21.65
Present value of plan assets	7.10	7.00
<b>Amount recognised as assets/(liability)</b>	<b>(23.24)</b>	<b>(14.65)</b>

Recognised under:

Long term provision (Refer Note 19)

<b>Total</b>	<b>(22.87)</b>	<b>(14.65)</b>
	<b>(23.24)</b>	<b>(14.65)</b>

**(iv) Expenses recognised in the Statement of Profit and Loss**

Current service cost	4.39	5.27
Interest cost	1.13	1.32
Expected return plan assets	(0.41)	(0.35)
<b>Total expenses</b>	<b>5.11</b>	<b>6.24</b>

**(v) Expenses recognised in the other comprehensive income**

Actuarial (gain)/loss	4.37	(4.06)
Return on Plan Assets	(0.03)	0.20
	<b>4.34</b>	<b>(3.86)</b>





**(vi) Major Category of Plan Assets as % of total Plan Assets**

Particulars	March 31,2021	March 31,2020
Insurer managed funds	100%	100%

**(vii) Actuarial assumptions**

Discount rate	5.26%	5.81%
Salary growth	10.00%	8.00%
Attrition rate	30.00%	25.00%

**(viii) Amounts recognised in current period and previous five years**

Particulars	As at March 31,2021	March 31,2020
Present value of obligation	30.34	21.65
Present value of plan assets	7.10	7.00
Amount recognised in balance sheet (Liability)/asset	(23.24)	(14.65)

**(ix) Expected contribution to the fund for the year March 31, 2021 is INR 4.38 and March 31, 2022 is INR 7.47**

**Notes:**

- 1) The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligation.
- 2) Expected rate of return on plan assets is based on our expectation of the average long term rate of return expected on investment of the fund during the estimated term of the obligations.
- 3) The salary escalation rate is the estimate of future salary increase considered taking into account the inflation, seniority, promotion and other relevant factors.

**Other employee benefit plan:** The liability for leave encashment and compensated balances as at year end is INR 9.07 (2020: INR 4.93).

Particulars	March 31,2021	March 31,2020
Other employee benefit plan	9.07	4.93

