

# Manohar Chowdhry & Associates

CHARTERED ACCOUNTANTS

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

The Board of Directors  
eMudhra DMCC  
3006, One Lake Plaza, Cluster T  
Jumeriah Lake Towers  
PO Box no.32620, Dubai  
UAE

We have audited the accompanying financial statements of eMudhra DMCC ("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, 2019, 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 DMCC in connection with its proposed Initial Public Offer of equity shares ("IPO") of eMudhra Limited ("Holding 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

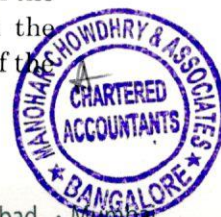
### Management's Responsibility for the Financial Statements

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 DMCC for the year ended March 31, 2019 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 DMCC 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 21217909AAAA DC 8121



## eMudhra DMCC

## Cash Flow Statement for the year

(All amounts are in AED, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
<b>A. Operating activities</b>		
Profit before tax	16,49,199	9,87,126
<b>Adjustments to reconcile profit/(loss) before tax to net cash flows:</b>		
Depreciation and amortisation expense	10,938	60,368
<b>Working capital adjustments:</b>		
Decrease/(Increase) in inventories	(27,21,485)	-
Decrease/(Increase) in trade receivable	(10,20,553)	(25,798)
Decrease/(Increase) in other current assets	9,86,306	(12,97,875)
Increase/(Decrease) in trade payables	45,17,052	-
Increase/(Decrease) in non-current and current provision	(1,02,556)	1,72,177
Increase/(Decrease) in other current liabilities	21,814	(2,30,748)
<b>Total cash from operations</b>	<b>33,40,715</b>	<b>(3,34,750)</b>
<b>Net Cash flow from operating Activities (A)</b>	<b>33,40,715</b>	<b>(3,34,750)</b>
<b>B. Investing activities</b>		
Purchase of property, plant and equipment	-	(25,608)
<b>Net cash used in investing activities (B)</b>	<b>-</b>	<b>(25,608)</b>
<b>C. Financing Activities</b>		
Proceeds from short term borrowing	(13,69,999)	1,00,108
Proceeds of long term borrowings	33,316	-
<b>Net cash used in financing activities(C)</b>	<b>(13,36,683)</b>	<b>1,00,108</b>
<b>Net increase in cash and cash equivalents(D=A+B+C)</b>	<b>20,04,032</b>	<b>(2,60,250)</b>
<b>Cash and cash equivalents at the beginning of the financial year E)</b>	<b>40,457</b>	<b>3,00,707</b>
<b>Cash and cash equivalents at the end of the year (D+E)</b>	<b>20,44,489</b>	<b>40,457</b>

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

Particulars	March 31, 2019	March 31, 2018
Balance with banks:		
- On current account	20,44,489	40,457
<b>Total cash and cash equivalents as per Balance Sheet</b>	<b>20,44,489</b>	<b>40,457</b>
<b>Cash and cash equivalents as per Statement of Cash Flow</b>	<b>20,44,489</b>	<b>40,457</b>

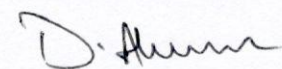
The accompanying notes are an integral part of the financial statements

As per our report of even date

For Manohar Chowdhry &amp; Associates

Chartered Accountant

Firm Registration Number: 001997S



Ashok Kumar Doddi

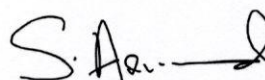
Partner

Membership No: 217909

UDIN: 21217909AAAA DC8121

Place: Bengaluru

October 14, 2021

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


Arvind Srinivasan

Director

Place: Dubai

October 13, 2021





**eMudhra DMCC**  
**Balance sheet as at**

(All amounts are in AED, unless otherwise stated)

Particulars	Notes	March 31,2019	March 31,2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	14,371	24,008
Intangible assets	4	7,803	9,104
Other non-current assets	5	3,36,897	13,34,625
<b>Total Non-current assets</b>		<b>3,59,071</b>	<b>13,67,737</b>
<b>Current assets</b>			
Inventories	6	27,21,485	-
<b>Financial assets</b>			
Trade receivables	7	10,53,792	33,240
Cash and cash equivalents	8	20,44,489	40,457
Other current assets	9	11,422	-
<b>Total current assets</b>		<b>58,31,188</b>	<b>73,697</b>
<b>TOTAL ASSETS</b>		<b>61,90,259</b>	<b>14,41,434</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	10	1,00,000	1,00,000
Other equity	11	(48,073)	(17,30,588)
<b>Total equity</b>		<b>51,927</b>	<b>(16,30,588)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Provision	12	86,448	1,99,845
<b>Total Non-current liabilities</b>		<b>86,448</b>	<b>1,99,845</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
<b>Borrowing</b>	13	14,66,487	28,36,487
Trade payables	14	45,17,052	-
Provision	15	46,531	35,690
Other current liabilities	16	21,814	-
<b>Total current liabilities</b>		<b>60,51,884</b>	<b>28,72,177</b>
<b>Total liabilities</b>		<b>61,38,332</b>	<b>30,72,022</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>61,90,259</b>	<b>14,41,434</b>

Summary of significant accounting policies

2

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

For Manohar Chowdhry & Associates  
Chartered Accountant  
Firm Registration Number: 001997S

*D. Ashok*

Ashok Kumar Doddi  
Partner

Membership No: 217909  
UDIN: 21217909AAAADC8121  
Place: Bengaluru  
October 14, 2021



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

*S. Arvind*

Arvind Srinivasan  
Director

Place: Dubai  
October 13, 2021





**eMudhra DMCC**

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

(All amounts are in AED, unless otherwise stated)

Particulars	Notes	March 31, 2019	March 31, 2018
<b>Income</b>			
Revenue from operations	17	14,62,520	23,47,715
Other income (net)	18	31,78,970	3,69,197
<b>Total revenue</b>		<b>46,41,490</b>	<b>27,16,912</b>
<b>Expenses</b>			
Operating expenses	19	19,18,621	-
Purchase of stock-in -trade	20	27,21,485	-
Changes in stock of finished goods	21	(27,21,485)	-
Employee benefit expenses	22	7,18,899	10,44,377
Depreciation and amortisation expense	23	10,938	60,368
Other expenses	24	3,43,833	6,25,041
<b>Total expenses</b>		<b>29,92,291</b>	<b>17,29,786</b>
<b>Profit/(Loss) before exceptional items and tax</b>		<b>16,49,199</b>	<b>9,87,126</b>
<b>Profit/(Loss) for the year</b>		<b>16,49,199</b>	<b>9,87,126</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss:			
Remeasurement (loss)/gain on defined benefit plan		33,316	-
<b>Other comprehensive income/(loss) for the year</b>		<b>33,316</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>16,82,515</b>	<b>9,87,126</b>
<b>Earnings per share (Nominal value of share AED 1000/- each)</b>	25		
Basic		16,492	9,871
Diluted		16,492	9,871

Summary of significant accounting policies 2

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

As per our report of even date

**For Manohar Chowdhry & Associates**

Chartered Accountant

Firm Registration Number: 001997S

*D. Ashok Kumar Doddi*



Ashok Kumar Doddi

Partner

Membership No: 217909

UDIN: 21217909 AAAADC 8121

Place: Bengaluru

October 14, 2021

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

*S. Arvind Srinivasan*

Arvind Srinivasan

Director

Place: Dubai

October 13, 2021





## eMudhra DMCC

### Notes forming part of the restated standalone financial statements

#### 1. Corporate Information

eMudhra DMCC ("the company") provides eMudhra's 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 subsidiary of eMudhra Limited ("eMudhra"), a public limited company incorporated and domiciled in India and has its registered office at Sai Arcade, No.56, 3<sup>rd</sup> Floor, Deverabeesanahalli, Bengaluru 560103, Karnataka, India.

The company is incorporated and domiciled in United Arab Emirates and has registered office at 3006, One Lake Plaza, Cluster T Jumeriah Lake Towers PO Box no.32620, Dubai UAE

The standalone restated 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 standalone restated 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 standalone restated 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. The Standalone restated Financial Statements have been presented in The Emirati Dirham (AED), which is the Company's functional currency. All financial information presented in AED, unless otherwise stated.

#### Critical estimates and judgments

##### I. Use of estimates

The preparation of standalone restated 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



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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 restated 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 restated financial statements may differ from that estimated as at the date of approval of these standalone restated 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.

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

## **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.



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## eMudhra DMCC

### Notes forming part of the restated standalone financial statements

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 equivalent AED of INR 1 million. For cases, where it is less than equivalent AED of INR 1 million, the same is recognised in the period in which it is billed.

In trust services and in SaaS based offering, the revenues are recognised as and when the performance obligations are transferred for negotiated price, called as 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 equivalent AED of INR 1 million. For cases, where it is less than equivalent AED of INR 1 million, the same is expensed off in the period in which it is billed.

#### **b. 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



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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 expenditures on the qualifying assets are capitalized only if it is probable that the future economic benefits will flow to the company.

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 below table

Asset Type	Depreciation Method	Depreciation [%]
Building improvement	Straight line method	25%
Furniture and fixtures	Straight line method	25%
Computers	Straight line method	33.66%

#### c. 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.

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.

#### d. 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 is 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.



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**e. 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 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 at amortized cost**

Financial liabilities are subsequently carried at amortized cost using the effective interest method except financial liabilities carried at fair value through profit and loss or an entity had opted to measure a liability at fair value through profit or loss.

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

A Financial Liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition.

**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.

**f. 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.

**g. Leases**

The company assess whether a contract contains lease at the inception of the contract. A contract is or contains lease if the contract conveys the right to control the use of the identifiable assets for a period of time in exchange of consideration. To assess, whether a contract contains the right of control of the identifiable assets, the company identifies the following matters

- i. the contract involves the use of identifiable assets
- ii. the company has substantially all the economic benefits from the use of assets through the period of lease.
- iii. the company has the right to direct the use of assets.

At the date of commencement of lease the company recognises right-of-use [ROU] asset and corresponding lease liability for all the such arrangements. However, in case of leases for a period of duration which is below of 12 months or less [ short-term leases] and low value leases, the company recognises the lease payments as an expense on straight line basis over the lease period.

ROU assets are initially recognised at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of lease plus any additional direct costs less any lease incentives. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

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 unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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



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rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### **h. 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 recognized 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.

#### **i. 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 recognized 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 End of service benefits directives issued by time to time, 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.



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**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.

**j. 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.

**k. 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.

**l. 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.

**m. 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.

**n. 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 the obligation can be





## eMudhra DMCC

### Notes forming part of the restated standalone financial statements

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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.

#### **o. 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.





**eMudhra DMCC****Notes forming part of the financial statements**

(All amounts are in AED, unless otherwise stated)

**3 Property, plant and equipment**

Particulars	Amount
<b>Year ended March 31, 2019</b>	
Gross carrying amount	
As at April 01, 2017	2,66,424
Additions	25,609
Disposals	-
As at March 31, 2018	2,92,033
Additions	-
Disposals	-
As at March 31, 2019	2,92,033
 Accumulated Amortisation	
As at April 01, 2017	2,08,957
Charges for the year	59,068
Disposals	-
As at March 31, 2018	2,68,025
Charges for the year	9,637
Disposals	-
As at March 31, 2019	2,77,662
 Net block	
As at March 31, 2018	24,008
As at March 31, 2019	14,371





## eMudhra DMCC

## Notes forming part of the financial statements

(All amounts are in AED, unless otherwise stated)

## 4 Intangible assets

Particulars	Amount
<b>Year ended March 31, 2019</b>	
Gross carrying amount	
As at April 01, 2017	13,005
Additions	-
Disposals	-
As at March 31, 2018	13,005
Additions	4,91,030
Disposals	(4,91,030)
As at March 31, 2019	13,005
<b>Accumulated Amortisation</b>	
As at April 01, 2017	2,601
Charges for the year	1,300
As at March 31, 2018	3,901
Charges for the year	1,301
As at March 31, 2019	5,202
<b>Net block</b>	
As at March 31, 2018	9,104
As at March 31, 2019	7,803





## eMudhra DMCC

## Notes forming part of the financial statements

(All amounts are in AED, unless otherwise stated)

Note	Particulars	March 31,2019	March 31,2018
5	<b>Other non-current assets</b>		
	Refundable deposits	46,114	40,665
	Other Receivables	2,90,782	12,93,960
	<b>Total</b>	<b>3,36,896</b>	<b>13,34,625</b>
6	<b>Inventories</b>		
	Stock in trade	27,21,485	-
	<b>Total</b>	<b>27,21,485</b>	<b>-</b>
7	<b>Trade receivables</b>		
	Trade receivables	10,53,792	33,239
	<b>Total</b>	<b>10,53,792</b>	<b>33,239</b>
	<b>Current portion</b>	<b>10,53,792</b>	<b>33,239</b>
	<b>Breakup of security details:</b>		
	<b>Particulars</b>		
	Unsecured, considered good	10,53,792	33,239
8	<b>Cash and cash equivalents</b>		
	Balance with banks:		
	- On current accounts	20,44,489	40,457
	<b>Total</b>	<b>20,44,489</b>	<b>40,457</b>
9	<b>Other current assets</b>		
	<b>Other financial assets at amortised cost</b>		
	Travelling and other advances to employees	11,422	-
	<b>Total</b>	<b>11,422</b>	<b>-</b>





## 10 Equity share capital

## (i) Authorised equity share capitals

Particulars	No. of Shares	Amount
As at April 01, 2017	100	1,00,000
Increase during the year	-	-
As at March 31, 2018	100	1,00,000
Increase during the year	-	-
As at March 31, 2019	100	1,00,000

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

Particulars	No. of Shares	Amount
As at April 01, 2017	100	1,00,000
Increase during the year	-	-
As at March 31, 2018	100	1,00,000
Increase during the year	-	-
As at March 31, 2019	100	1,00,000

The company has only one class of equity shares having par value of AED 1000 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, 2019		March 31, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Share outstanding at the beginning of the year	100	1,00,000	100	1,00,000
Share issued during the year	-	-	-	-
Share outstanding at the end of the year	100	1,00,000	100	1,00,000

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

Name of the shareholder	March 31, 2019		March 31, 2018	
	No. of Shares	% Holding	No. of Shares	% Holding
Mythili Srinivasan	100	100%	100	100%





eMudhra DMCC

Notes forming part of the financial statements

(All amounts are in AED, unless otherwise stated)

Note	Particulars	March 31,2019	March 31,2018
11	Other equity		
	Retained earnings [refer note 11.1 below]	(81,389)	(17,30,588)
	Total other comprehensive income [refer note 11.2 below]	33,316	-
	<b>Total</b>	<b>(48,073)</b>	<b>(17,30,588)</b>
11.1	Retained earnings		
	Balance at the beginning of the year	(17,30,588)	(27,17,714)
	Restated Profit/ (Loss) for the year	16,49,199	9,87,126
	<b>Balance as at the end of the year</b>	<b>(81,389)</b>	<b>(17,30,588)</b>
11.2	Total comprehensive income for the year		
	Add:Other comprehensive income for the year	33,316	-
	<b>Balance as at the end of the year</b>	<b>33,316</b>	<b>-</b>





## eMudhra DMCC

## Notes forming part of the financial statements

(All amounts are in AED, unless otherwise stated)

Note	Particulars	March 31,2019	March 31,2018
12	<b>Provision</b>		
	Provision for gratuity [ refer note 27]	86,448	82,512
	Employee benefits payable	-	1,17,333
	<b>Total</b>	<b>86,448</b>	<b>1,99,845</b>
13	<b>Borrowing</b>		
	Unsecured loan from the director	14,66,487	28,36,487
	<b>Total</b>	<b>14,66,487</b>	<b>28,36,487</b>
14	<b>Trade payables</b>		
	Total outstanding dues to Creditors other than Micro Enterprises and Small Enterprises	45,17,052	-
	<b>Total</b>	<b>45,17,052</b>	<b>-</b>
15	<b>Provision</b>		
	Other payables towards contractual obligations	2,000	-
	Provision for gratuity [ refer note 27]	44,531	35,690
	<b>Total</b>	<b>46,531</b>	<b>35,690</b>
16	<b>Other current liabilities</b>		
	Statutory dues	21,814	-
	<b>Total</b>	<b>21,814</b>	<b>-</b>





**eMudhra DMCC**

**Notes forming part of the financial statements**

(All amounts are in AED, unless otherwise stated)

Note	Particulars	March 31, 2019	March 31, 2018
17	<b>Revenue from operations</b>		
	Sale of software solutions/services	14,62,520	23,47,715
	<b>Total</b>	<b>14,62,520</b>	<b>23,47,715</b>
	<b>I. Segment wise revenue</b>		
	Cyber security and digital transformation solutions	14,62,520	23,47,715
18	<b>Other income (net)</b>		
	Other Income	31,78,970	200
	Foreign exchange gain	-	3,68,997
	<b>Total</b>	<b>31,78,970</b>	<b>3,69,197</b>
19	<b>Operating expenses</b>		
	Other direct operating expenses	19,18,621	-
	<b>Total</b>	<b>19,18,621</b>	<b>-</b>
20	<b>Purchases of stock-in-trade</b>		
	Purchase of Signing Counts	27,21,485	-
	<b>Total</b>	<b>27,21,485</b>	<b>-</b>
21	<b>Changes in inventories of stock-in-trade</b>		
	<b>Finished Goods/services:</b>		
	<b>Closing stock:</b>		
	Signing Counts	27,21,485	-
	<b>Total</b>	<b>27,21,485</b>	<b>-</b>
	<b>Total</b>	<b>(27,21,485)</b>	<b>-</b>
22	<b>Employee benefit expense</b>		
	End of service benefits	46,093	1,18,202
	Salaries, allowances and bonus	6,23,701	9,13,028
	Staff welfare expenses	49,105	13,147
	<b>Total</b>	<b>7,18,899</b>	<b>10,44,377</b>
23	<b>Depreciation and amortisation expense</b>		
	Amortisation on intangible assets	1,301	1,300
	Depreciation on plant, property and equipment	9,637	59,068
	<b>Total</b>	<b>10,938</b>	<b>60,368</b>
24	<b>Other expenses</b>		
	Admin expenses	39,987	61,233
	Auditors' remuneration	5,775	-
	Business Promotion Expenses	24,119	5,810
	Communication expenses	19,376	20,421
	Fees rates and taxes	46,456	50,720
	Forex Gain/Loss	53,102	-
	Insurance expenses	46,903	58,496
	Legal and professional expenses	-	74,744
	Miscellaneous expense	1,117	47,340
	Printing and Stationery	3,772	4,719
	Technology expenses	-	3,487
	Travel and Boarding expenses	1,03,226	2,98,071
	<b>Total</b>	<b>3,43,833</b>	<b>6,25,041</b>





eMudhra DMCC

Notes forming part of the financial statements

(All amounts are in AED, unless otherwise stated)

Note	Particulars		March 31, 2019	March 31, 2018
25	Earnings per share			
	Basic:			
	Profit after tax	A	16,49,199	9,87,126
	Weighted average number of shares outstanding	B	100	100
	Basic EPS	A/B	16,491.99	9,871.26
	Diluted			
	Profit after tax	A	16,49,199	9,87,126
	Weighted average number of shares outstanding	B	100	100
	Diluted EPS	A/B	16,491.99	9,871.26





26 Annexure VI- 26 :Notes forming part of the Financial Information of eMudhra DMCC

(All amounts are in AED, unless otherwise stated)

A. Disclosure related to subsidiary, associate and group companies

1 Particulars of subsidiary, associate and group companies :

SI No	Name of the company	Address	Relationship	March 31,2019	March 31,2018
% of shares held					
1	eMudhra (MU) Limited	10, Frere Felix de Valois Steet, Port Louis, Mauritius.	Group /Holding company	NA	NA
2	eMudhra Technologies Limited	#56, Sai Arcade, Deverabesenahalli, Bangalore, Karnataka	Group Company	NA	NA
3	eMudhra consumer Services Limited	#56, Sai Arcade, Deverabesenahalli, Bangalore, Karnataka	Group Company	NA	NA
4	eMudhra Limited	#56, Sai Arcade, Deverabesenahalli, Bangalore, Karnataka	Holding / Group company	NA	NA
5	Smart Craft Private Limited	#56, Sai Arcade, Deverabesenahalli, Bangalore, Karnataka	Group Company	NA	NA
6	Cedar Grove Real Estates Private Limited	#56, Sai Arcade, Deverabesenahalli, Bangalore, Karnataka	Group Company	NA	NA
7	Bluesky Infotech [Partnership firm]	#56, Sai Arcade, Deverabesenahalli, Bangalore, Karnataka	Group entity	NA	NA
8	Bluesky Infotech [Partnership firm]	2nd Floor, Tek Tower 11 Rajiv Gandhi Salai (OMR),Thoraipakkam Chennai – 600 097	Group entity	NA	NA
9	eMudhra employees stock option trust	#56, Sai Arcade, Deverabesenahalli, Bangalore, Karnataka	Group entity	NA	NA

2 Particulars of key managerial person

		Name of the key managerial person		
SI No	Entity Name	March 31,2019	March 31,2018	Relationship
1	eMudhra DMCC			
		V. Srinivasan	V. Srinivasan	Promoter Group
		Arvind Srinivasan	Arvind Srinivasan	Director





**26.1 Annexure VI- 26.1 :Notes forming part of the Financial Information of eMudhra DMCC**  
(All amounts are in AED, unless otherwise stated)

**Related party disclosures**

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

Sl No	Nature of transaction	Related party	Nature of relationship	Transactions	
				March 31,2019	March 31,2018
1	Sales of Fixed Asset				
		eMudhra (MU) Limited	Group Company	36,70,000	
2	Purchase of products/services				
		eMudhra PTE Limited	Group Company	1,46,916	-
3	Purchase of software Licencing fees				
		eMudhra (MU) Limited	Group/Associate Company	44,93,190	-

**2 Detailed transactions with key managerial persons**

Sl No	Nature of transaction	Related party	Nature of relationship	March 31,2019	March 31,2018
1	Receipt(repayment) of loan, net				
		V. Srinivasan	Promoter group	(13,70,000)	-
2	Salary and allowances paid				
		Arvind Srinivasan	Director	2,95,216	2,51,028
		V. Srinivasan	Promoter group	2,40,000	2,40,000





**26.2 Annexure VI- 26.2 :Notes forming part of the Financial Information of eMudhra DMCC**

(All amounts are in AED, 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 31,2019	March 31,2018
1	Due to				
		eMudhra PTE Limited	Group Company	1,13,677	
		eMudhra (MU) Limited	Group/Associate Company	39,43,256	
		V. Srinivasan	Promoter group	14,65,887	28,35,887
2	Due from	eMudhra PTE Limited	Group Company		33,239





## 27 Disclosures on employee benefits

### a) 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	Amount In AED	
	March 31,2019	March 31,2018
Balance at the beginning of the year	1,18,202	-
Current service cost	44,437	1,18,202
Interest cost	1,656	
Actuarial (gain)/loss	(33,316)	
Benefits paid		
<b>Balance at the end of the year</b>	<b>1,30,979</b>	<b>1,18,202</b>
<b>(ii) Assets and liabilities recognised in the balance sheet</b>		
Present value of defined benefit obligation	1,30,979	1,18,202
<b>Amount recognised as assets/(liability)</b>	<b>(1,30,979)</b>	<b>(1,18,202)</b>
<b>Recognised under:</b>		
Long term provision	86,448	82,512
Short term provision	44,531	35,690
<b>Total</b>	<b>1,30,979</b>	<b>1,18,202</b>
<b>(iii) Expenses recognised in the Statement of Profit and Loss</b>		
Current service cost	44,437	1,18,202
Interest cost	1,656	
<b>Total expenses</b>	<b>46,093</b>	<b>1,18,202</b>





(iv) Major Category of Plan Assets as % of total Plan Assets

Particulars	March 31,2019	March 31,2018
Insurer managed funds	0%	0%
(v) Actuarial assumptions		
Discount rate	1.93%	1.65%
Salary growth	5.00%	5.00%
Attrition rate	10.00%	10.00%

(vi) Amounts recognised in current period and previous five years

Particulars	As at	
	March 31,2019	March 31,2018
Present value of obligation	1,30,979	1,18,202
Amount recognised in balance sheet (Liability)/asset	(1,30,979)	(1,18,202)

(vii) Maturity profile of defined benefit obligation- Expected future cash flows are not determined

Notes:

- 1) The discount rate used is determined by reference to the market yields at the balance sheet date on the government bonds.
- 2) The salary escalation rate is the estimate of future salary increase considered taking into account the inflation, seniority, promotion and other relevant factors.

