

CAPIOT Software Private Limited

CONDENSED BALANCE SHEET AS AT JUNE 30, 2023

CIN:U72200TG2014PTC095033

	Notes	As at June 30, 2023 (In ₹'000)	As at June 30, 2022 (In ₹'000)	As at March 31, 2023 (In ₹'000)
ASSETS				
Non-current assets				
Property, Plant and Equipment	5.1	-	-	-
Other Intangible assets	5.2	-	-	-
Financial assets		-	-	-
- Loans	6	-	-	-
Deferred tax assets (net)	7	26,151.89	26,057.27	26,132.02
		26,151.89	26,057.27	26,132.02
Current assets				
Financial assets		-	-	-
- Trade receivables (net)	8	-	-	-
- Cash and cash equivalents	9	15,161.28	7,781.38	15,161.28
- Other current financial assets	10	-	-	-
Current tax assets (net)		6,467.33	14,133.28	6,467.33
Other current assets	11	10,077.65	10,476.42	10,016.65
		31,706.27	32,391.08	31,645.26
TOTAL		57,858.14	58,448.35	57,777.28
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	4	1,867.03	1,867.03	1,867.03
Other equity		55,626.20	53,207.74	55,685.25
		57,493.23	55,074.77	57,552.28
LIABILITIES				
Non- current liabilities				
Provisions	12	-	-	-
Current liabilities				
Financial liabilities		-	-	-
- Trade payables	13	123.91	1,281.47	225.00
Other current liabilities	14	241.00	2,092.11	-
Provisions	15	-	-	-
		364.91	3,373.58	225.00
TOTAL		57,858.14	58,448.35	57,777.28
Summary of significant accounting policies	3			

The accompanying notes form an part of the condensed financial statements

As per our report of even date

For Joshi Apte &Co.,
Firm registration no. 104370W
Chartered Accountants

For and on behalf of the Board of Directors of
CAPIOT Software Private Limited

per C.K. Joshi
Partner
Membership No.030428

Hitesh Salla
Director
DIN: 07020855

Sunil Sapre
Director
DIN: 06475949

Place: India
Date : 17th July 2023

Place: India
Date : 17th July 2023

Place: India
Date : 17th July 2023

CAPIOT Software Private Limited

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED JUNE 30, 2023

CIN:U72200TG2014PTC095033

	Notes	For the quarter ended		For the year ended
		June 30, 2023 (In ₹'000)	June 30, 2022 (In ₹'000)	March 31, 2023 (In ₹'000)
Income				
Revenue from operations (net)	16	-	-	-
Other income	17	-	12,503.43	14,123.73
Total income (A)		-	12,503.43	14,123.73
Expenses				
Employee benefits expense	18.1	-	-	-
Cost of professionals	18.2	-	-	-
Depreciation and amortization expense	5.3	-	-	-
Other expenses	19	78.91	3,199.11	2,213.62
Total expenses (B)		78.91	3,199.11	2,213.62
Profit before tax (A - B)		(78.91)	9,304.31	11,910.11
Tax expense				
Tax charge in respect of earlier years		-	-	203.03
Deferred tax (credit)/charge		(19.86)	2,256.02	2,181.27
Total tax expense		(19.86)	2,256.02	2,384.30
Net profit/(loss) for the quarter/year (C)		(59.05)	7,048.29	9,525.81
Other comprehensive income				
Items that will not be reclassified to profit and loss (D)				
- Remeasurements of the defined benefit liabilities / asset (net of tax)		-	-	-
- Tax effect on remeasurements of the defined benefit liabilities / (asset)		-	-	-
Items that may be reclassified to profit and loss (E)				
- Effective portion of cash flow hedge (net of tax)		-	-	-
Total other comprehensive income for the quarter/year (D) + (E)		-	-	-
Total comprehensive income for the quarter/year (C) + (D) + (E)		(59.05)	7,048.29	9,525.81
Earnings per equity share				
[Nominal value of share ₹10 (Previous quarter/ year: ₹10)]	20			
Basic (In ₹)		(0.32)	37.75	51.02
Diluted (In ₹)		(0.32)	37.75	51.02
Summary of significant accounting policies				
	3			

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per C.K. Joshi
Partner
Membership No.030428

Hitesh Salla
Director
DIN: 07020855

Sunil Sapre
Director
DIN: 06475949

Place: India
Date : 17th July 2023

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CAPIOT Software Private Limited**CONDENSED CASH FLOW STATEMENT FOR THE QUARTER ENDED JUNE 30, 2023**

CIN:U72200TG2014PTC095033

	For the quarter ended		For the year ended
	June 30, 2023	June 30, 2022	March 31, 2023
	(In ₹'000)	(In ₹'000)	(In ₹'000)
Cash flow from operating activities			
Profit/(Loss) before tax	(78.91)	9,304.31	11,910.11
Adjustments for:			
Interest income	-	(11.81)	(11.81)
Advances written back	-	(10,624.87)	
Excess Provision written back	-	-	(10,624.87)
Operating profit before working capital changes	(78.91)	(1,332.37)	1,273.43
Movements in working capital :			
Decrease/ (Increase) in other current assets including financial assets	(61.00)	18.64	7,941.44
Increase/ (Decrease) in trade payables and current liabilities	139.91	1,076.61	(2,071.99)
Increase/ (Decrease) in provisions	-	-	-
Operating profit after working capital changes	(0.00)	(237.12)	7,142.88
Direct taxes paid (net of refunds)	-	-	-
Net cash generated from / (used in) operating activities	(0.00)	(237.02)	7,142.88
Cash flows from investing activities			
Interest received	-	11.81	11.81
Net cash generated from / (used in) investing activities	-	11.81	11.81
Cash flows from financing activities			
Net cash generated from / (used) in financing activities	-	-	-
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(0.00)	(225.21)	7,154.69
Cash and cash equivalents at the beginning of the quarter/year	15,161.28	8,006.59	8,006.59
Cash and cash equivalents at the end of the quarter/year	15,161.28	7,781.38	15,161.28
Components of cash and cash equivalents	As at	As at	As at
	June 30, 2023	June 30, 2022	March 31, 2023
	(In ₹'000)	(In ₹'000)	(In ₹'000)
Cash on hand	-	0.62	-
Balances with Banks			
-On current accounts	15,161.28	7,780.76	15,161.28
Cash and cash equivalents as per note 9	15,161.28	7,781.38	15,161.28

Summary of significant accounting policies 3

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

As per our report of even date

For Joshi Apte & Co.,
Firm registration no. 104370W
Chartered Accountants

For and on behalf of the Board of Directors of
CAPIOT Software Private Limited

per C.K. Joshi
Partner
Membership No.030428

Hitesh Salla **Sunil Sapre**
Director Director
DIN: 07020855 DIN: 06475949

Place: India
Date : 17th July 2023

Place: India Place: India
Date : 17th July 2023 Date : 17th July 2023

CAPIOT Software Private Limited**CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED JUNE 30, 2023****A. Equity share capital**

(In ₹'000)			
Balance as at April 1, 2023	Changes in Equity Share Capital due to prior period errors	Changes in equity share capital during the quarter	Balance as at June 30, 2023
1,867.03	-	-	1,867.03

(In ₹'000)			
Balance as at April 1, 2022	Changes in Equity Share Capital due to prior period errors	Changes in equity share capital during the quarter	Balance as at June 30, 2022
1,867.03	-	-	1,867.03

(In ₹'000)			
Balance as at April 1, 2022	Changes in Equity Share Capital due to prior period errors	Changes in equity share capital during the year	Balance as at March 31, 2023
1,867.03	-	-	1,867.03

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CAPIOT Software Private Limited**CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED JUNE 30, 2023**

CIN:U72200TG2014PTC095033

B. Other equity

(In ₹'000)

Particulars	Reserves and surplus		Total
	Securities premium reserve	Retained earnings	
Balance as at April 1, 2023	62,510.26	(6,825.01)	55,685.25
Net profit for the quarter	-	(59.05)	(59.05)
Balance as at June 30, 2023	62,510.26	(6,884.06)	55,626.20

(In ₹'000)

Particulars	Reserves and surplus		Total
	Securities premium reserve	Retained earnings	
Balance as at April 1, 2022	62,510.26	(16,350.82)	46,159.44
Net profit for the quarter	-	7,048.29	7,048.29
Balance at June 30, 2022	62,510.26	(9,302.52)	53,207.74

(In ₹'000)

Particulars	Reserves and surplus		Total
	Securities premium reserve	Retained earnings	
Balance as at April 1, 2022	62,510.26	(16,350.82)	46,159.44
Net profit for the year	-	9,525.81	9,525.81
Balance at March 31, 2023	62,510.26	(6,825.01)	55,685.25

Summary of significant accounting policies - Refer note 3

The accompanying notes form an part of the condensed financial statements

As per our report of even date

For Joshi Apte &Co.,
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For and on behalf of the Board of Directors of
CAPIOT SOFTWARE Private Limited

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Partner
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Hitesh Salla
Director
DIN: 07020855

Sunil Sapre
Director
DIN: 06475949

Place: India
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CAPIOT Software Private Limited

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

1. Nature of operations

CAPIOT Software Private Limited (the "Company") is a private limited Company domiciled in India. The Company is a global company specializing in software products, services and technology innovation. The Company offers complete product life cycle services.

2. Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments and equity settled employee stock options which have been measured at fair value. Historical cost is generally based on the fair value of consideration given in exchange of goods and services. The accounting policies are consistently applied by the Company during the period and are consistent with those used in previous year 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.

There is no revenue from operations during quarter ending 30th June 2023, however the management is evaluating restructuring options and business opportunities based on which the Company is considered as a going concern.

-Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. These financial statements have been prepared in accordance with Ind AS 34 Interim Financial Reporting for the quarter ended June 30, 2023 as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013

3. Statement of significant accounting policies

A. Accounting year

The accounting year of the company is from April 1 to March 31.

B. Functional currency

The company's functional currency is the INR.

C. Use of estimates

The preparation of the condensed financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

Critical accounting estimates

i. Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

CAPIOT Software Private Limited
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

Further, the Company uses significant judgement while determining the transaction price allocated to performance obligations using the expected cost plus margin approach.

In respect of the contracts where the transaction price is payable as royalty at pre-defined percentage of customer revenue and bearing in mind, the time gap between the close of the accounting period and availability of the revenue report from the customer, the Company is required to use its judgement to ascertain the income from royalty on the basis of historical trends of customer revenue.

ii. Income taxes

The Company's major tax jurisdictions is India. Significant judgements are involved in determining the provision for income taxes.

iii. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

iv. Provisions

Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

D. Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and impairment losses, if any. The cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready to be put to use.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Company. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from disposal of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

E. Intangible assets

a) Acquired Intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises

CAPIOT Software Private Limited
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

b) Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the company can demonstrate:

- technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the asset;
- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Such development expenditure, until capitalization, is reflected as intangible assets under development.

Following the initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization of internally generated intangible asset begins when the development is complete and the asset is available for use.

F. Depreciation and amortization

Depreciation on Property, Plant and Equipment is provided using the Straight Line Method ('SLM') over the useful lives of the assets estimated by the management.

The management estimates the useful lives for the Property, Plant and Equipment as follows:

Assets	Useful lives
Computers	3 years
Computers - Servers and networks*	3 years
Office equipments	5 years
Plant and equipment*	5 years
Furniture and fixtures*	5 years

*For these classes of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Individual assets whose cost does not exceed ₹ 5,000 are fully depreciated in the year of acquisition.

Intangible assets are amortized on a straight line basis over their estimated useful lives commencing from the day the asset is made available for use.

G. Financial Instruments

i) Financial assets

Initial recognition and measurement

CAPIOT Software Private Limited
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified as:

- **Financial assets at amortized cost**

Financial assets that are held within a business model whose objective is to hold assets for collecting contractual cash flows and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance income in the statement of profit and loss.

- **Financial assets at fair value through other comprehensive income (FVTOCI)**

Financial assets that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and the assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding are subsequently measured at fair value. Fair value movements are recognized in other comprehensive income.

- **Financial assets at fair value through profit or loss (FVTPL)**

Any financial assets which does not meet the criteria for categorization as financial assets at amortized cost or as FVTOCI, is classified as financial assets at FVTPL. Financial assets included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

For the purpose of subsequent measurement, financial liabilities are classified as:

- **Financial liabilities at amortized cost**

Financial liabilities such as loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance costs in the statement of profit and loss.

- **Financial liabilities at fair value through profit or loss (FVTPL)**

Financial liabilities include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss if the recognition criteria as per Ind AS 109 are satisfied. Gains or losses on liabilities held for trading are recognized in statement of profit and loss. Fair value gains or losses on liabilities designated as FVTPL attributable to changes in own credit risk are recognized in other comprehensive income. All other changes in fair value of liabilities designated

CAPIOT Software Private Limited
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

as FVTPL are recognized in the statement of profit and loss. The Company has not designated any financial liability as at FVTPL.

iii) Impairment

i) Financial assets

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortized cost and financial assets that are debts instruments and are measured at fair value through other comprehensive income (FVTOCI). ECL is the difference between contractual cash flows that are due and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

For trade receivables, the Company recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ii) Non-financial assets

The carrying amounts of Property, Plant and Equipment and Goodwill are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/external factors. If any indications exist, the Company estimates the asset's recoverable amount.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial year end even if there is no indication that the asset is impaired.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

H. Impairment of Property, Plant and Equipment and Other intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

I. Borrowing Cost:

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangements of borrowings. Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as a part of the cost of the respective asset. All other borrowing costs are expensed in the year in which they occur.

J. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on category basis.

Long-term investments presented as non-current investments are carried at cost.

K. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Company. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognized:

i. Income from software licenses and services

The company derives revenues primarily from IT services comprising of software development and related services and from the licensing of software products.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to receive in exchange for those products or services.

Arrangements with customers for software related services are either on a time-and-material or a fixed-price basis.

Revenue on time-and-material contracts are recognized as and when the related services are performed. Revenue from fixed-price contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

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. Revenue from licenses where the customer obtains a "right to access" is recognized over the access period.

The company has applied the principles under Ind AS 115 to account for revenues from these performance obligations.

When support services are provided in conjunction with the licensing arrangement and the license and the support services have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. Maintenance revenue is recognized proportionately over the period in which the services are rendered.

Revenue from royalty is recognized in accordance with the terms of the relevant agreements.

The company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the proportionate allocation of the discounts amount to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

Unbilled revenue represents revenue recognized in relation to work done until the balance sheet date for which billing has not taken place.

Unearned revenue represents the billing in respect of contracts for which the revenue is not recognized.

The Company collects Goods and Service Tax, value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

ii. Interest

Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate. Interest income is included under the head 'Other income' in the statement of profit and loss.

iii. Dividends

Dividend Income is recognized when the company's right to receive payment is established by the balance sheet date. Dividend income is included under the head 'Other Income' in the statement of profit and loss.

L. Government grants

Government grants are recognized at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. Grants related to purchase of assets are treated as deferred income and allocated to income statement over the useful lives of the related assets while grants related to expenses are deducted in reporting the related expenses in the income statement.

M. Foreign currency transaction:

i. Initial recognition

Foreign currency transactions are recorded in the functional currency viz.USD by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency on the date of the transaction.

ii. Conversion

The transactions are in US Dollars, which are converted for reporting in Indian currency on the following basis. The equity share capital is translated on the date of transaction and fixed assets and investments are translated at the closing rate as at the date of the balance sheet. All current assets and current liabilities are translated at the closing rate as at the date of the balance sheet. All Income and Expense items are converted at weighted average of Inter Bank Selling Rate for the year.

The exchange difference arising out of the period/year-end conversion is translated to Currency Translation Reserve and the said amount is shown under the head "Other Equity".

iii. Settlement

Revenue, and expenses denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit or loss for the period in which the transaction is settled.

N. Retirement and other employee benefits

i. Gratuity

Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under Company Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date and are charged to the statement of profit and loss, except for the remeasurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Remeasurements are not reclassified to the statement of profit and loss subsequently.

ii. Superannuation

Superannuation is a defined contribution plan covering eligible employees. The contribution to the superannuation fund managed by the insurer is equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contribution to this scheme is charged to the statement of profit and loss on an accrual basis. There are no other contributions payable other than contribution payable to the respective fund.

iii. Provident fund

Provident fund is a defined contribution plan covering eligible employees. The Company and the eligible employees make a monthly contribution to the provident fund maintained by the Regional Provident Fund Commissioner equal to the specified percentage of the basic salary of the eligible employees as per the scheme. The contributions to the provident fund are charged to the statement of profit and loss for the period / year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

iv. Leave encashment

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Remeasurements, comprising of actuarial gains and losses are recognized in full in the statement of profit and loss.

The Company presents the entire leave encashment liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

O. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the India's tax laws. Deferred income tax reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods.

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realized.

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

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in co-relation to the underlying transaction either in other comprehensive income or directly in equity.

Minimum alternate tax (MAT) paid in a period / year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the period / year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative

CAPIOT Software Private Limited
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

P. Segment reporting

In accordance with para 4 of Notified Indian Accounting Standard 108 (Ind AS-108) "Operating Segments" the Company has disclosed segment information only on the basis of consolidated financial statements which are presented together with the unconsolidated financial statements.

Q. Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, bank deposits and short-term investments with an original maturity of three months or less.

R. Lease

The Company assesses at the inception of contract whether a contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses

whether:

\ the contract involves the use of an identified asset

\ the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

\ the Company has the right to direct the use of the asset

Where the Company is a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment.

Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

CAPIOT Software Private Limited
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

The lease payments shall include fixed payments, variable lease payments based on an index or rate, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

CAPIOT Software Private Limited
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or statement of profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease expenses associated with these leases are recognized in the statement of profit and loss on a straight line basis.

Company as a lessor

At the inception of the lease, the Company classifies each of its leases as either an operating lease or a finance lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. The Company recognises lease payments received under operating leases as income over the lease term on a straight line basis.

S. Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

T. Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

U. Contingent liabilities

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

V. Employee stock compensation expenses

Employees of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments granted (equity-settled transactions) by the holding Company, Persistent Systems Limited, to the employees of the Company.

In accordance with Ind AS 102, the cost of equity-settled transactions is determined by the fair value at the date of the grant by the holding Company of the equity instruments to the employees of the Company and recognized as employee compensation cost over the vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognized by the Company in the statement of profit and loss for a year represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognized in employee benefits expense of the Company. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

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CAPIOT Software Private Limited
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

4. Share capital

	As at June 30, 2023	As at June 30, 2022	As at March 31, 2023
Authorized			
2,00,000 (Previous year 2,00,000) Common Shares of INR 10 each.	20,00,000	20,00,000	20,00,000
	<u>20,00,000</u>	<u>20,00,000</u>	<u>20,00,000</u>
*Issued, subscribed and paid-up			
1,86,703 (previous year 1,86,703) common shares (amt in '000) of INR 10 each fully paid up.	1,867.03	1,867.03	1,867.03
	<u>1,867.03</u>	<u>1,867.03</u>	<u>1,867.03</u>

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:
There is no movement in the shares outstanding at the beginning and at the end of the reporting period.

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CAPIOT Software Private Limited

Notes forming part of condensed financial statements

5.1 Property, plant and equipment

	(In ₹'000)			
	Computers	Office equipments	Plant and equipment	Total
Gross block (at cost)				
As at April 1, 2023	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
As at June 30, 2023	-	-	-	-
Accumulated depreciation				
As at April 1, 2023	-	-	-	-
Charge for the quarter	-	-	-	-
As at June 30, 2023	-	-	-	-
Net block				
As at June 30, 2023	-	-	-	-
As at March 31, 2023	-	-	-	-

	(In ₹'000)			
	Computers	Office equipments	Plant and equipment	Total
Gross block (at cost)				
As at April 1, 2022	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
As at June 30, 2022	-	-	-	-
Accumulated depreciation				
As at April 1, 2022	-	-	-	-
Charge for the quarter	-	-	-	-
As at June 30, 2022	-	-	-	-
Net block				
As at June 30, 2022	-	-	-	-
As at March 31, 2022	-	-	-	-

	Computers	Office equipments	Plant and equipment	Total
Gross block (at cost)				
As at April 1, 2022	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
As at March 31, 2023	-	-	-	-
Accumulated depreciation				
As at April 1, 2022	-	-	-	-
Charge for the year	-	-	-	-
Disposals	-	-	-	-
As at March 31, 2023	-	-	-	-
Net block				
As at March 31, 2023	-	-	-	-
As at March 31, 2022	-	-	-	-

CAPIOT Software Private Limited

Notes forming part of condensed financial statements

5.2 Other Intangible assets

	(In ₹'000)	
	Software	Total
Gross block		
As at April 1, 2023	-	-
Additions	-	-
As at June 30, 2023	-	-
Accumulated Amortization		
As at April 1, 2023	-	-
Charge for the quarter	-	-
As at June 30, 2023	-	-
Net block		
As at June 30, 2023	-	-
As at March 31, 2022	-	-
	Software	Total
Gross block		
As at April 1, 2022	-	-
Additions	-	-
As at June 30, 2022	-	-
Accumulated Amortization		
As at April 1, 2022	-	-
Charge for the quarter	-	-
As at June 30, 2022	-	-
Net block		
As at June 30, 2022	-	-
As at March 31, 2022	-	-

	(In ₹'000)	
	Software	Total
Gross block		
As at April 1, 2022	880.00	880.00
Additions	-	-
Disposals	880.00	880.00
As at March 31, 2023	-	-
Accumulated Amortization		
As at April 1, 2022	880.00	880.00
Charge for the year	-	-
Disposals	880.00	880.00
As at March 31, 2023	-	-
Net block		
As at March 31, 2023	-	-
As at March 31, 2022	-	-

5.3 Depreciation and amortization expense

	(In ₹'000)		
	For the quarter ended		For the year ended
	June 30, 2023	June 30, 2022	March 31, 2023
On Property, plant and equipment	-	-	-
On Right of use assets	-	-	-
On Other intangible assets	-	-	-
	-	-	-

CAPIOT Software Private Limited

Notes forming part of condensed financial statements

6. Non-current financial assets :

	As at June 30, 2023 (In ₹'000)	As at June 30, 2022 (In ₹'000)	As at March 31, 2023 (In ₹'000)
Security deposit			
Unsecured, considered good	-	-	-
Less: Impairment	-	-	-
	-	-	-

7. Deferred tax assets (net)

	As at June 30, 2023 (In ₹'000)	As at June 30, 2022 (In ₹'000)	As at March 31, 2023 (In ₹'000)
Deferred tax assets			
Deferred tax asset on carried forward losses	26,151.89	26,057.27	26,132.02
	26,151.89	26,057.27	26,132.02
Deferred tax assets (net)	26,151.89	26,057.27	26,132.02

8. Trade receivables

	As at June 30, 2023 (In ₹'000)	As at June 30, 2022 (In ₹'000)	As at March 31, 2023 (In ₹'000)
Unsecured, considered good	-	-	-
Unsecured, credit impaired	-	-	-
Less : Allowance for credit loss	-	-	-
	-	-	-

9. Cash and cash equivalents

	As at June 30, 2023 (In ₹'000)	As at June 30, 2022 (In ₹'000)	As at March 31, 2023 (In ₹'000)
Cash and cash equivalents as presented in cash flow statement			
Cash on hand	-	0.62	-
-On current accounts	15,161.28	7,780.76	15,161.28
	15,161.28	7,781.38	15,161.28

CAPIOT Software Private Limited

Notes forming part of condensed financial statements

10. Other current financial assets

	As at June 30, 2023 (In ₹'000)	As at June 30, 2022 (In ₹'000)	As at March 31, 2023 (In ₹'000)
Unbilled revenue	-	-	-

11. Other current assets

	As at June 30, 2023 (In ₹'000)	As at June 30, 2022 (In ₹'000)	As at March 31, 2023 (In ₹'000)
GST receivable	10,077.65	10,476.42	10,016.65
	10,077.65	10,476.42	10,016.65

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CAPIOT Software Private Limited**Notes forming part of condensed financial statements****12. Non- Current liabilities : Provisions**

	As at June 30, 2023 (In ₹'000)	As at June 30, 2022 (In ₹'000)	As at March 31, 2023 (In ₹'000)
Provision for employee benefits			
- Gratuity	-	-	-

13. Trade payables

	As at June 30, 2023 (In ₹'000)	As at June 30, 2022 (In ₹'000)	As at March 31, 2023 (In ₹'000)
Trade payables for goods and services			
a) Total outstanding dues of micro enterprises and small enterprises	-	-	-
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	123.91	1,281.47	225.00
	123.91	1,281.47	225.00

14. Other current liabilities

	As at June 30, 2023 (In ₹'000)	As at June 30, 2022 (In ₹'000)	As at March 31, 2023 (In ₹'000)
Advance from customers	-	2,037.43	-
Advance from related parties (Unsecured, considered good)	241.00	-	-
Other advances	-	54.68	-
	241.00	2,092.11	-

15. Current liabilities : Provisions

	As at June 30, 2023 (In ₹'000)	As at June 30, 2022 (In ₹'000)	As at March 31, 2023 (In ₹'000)
Provision for employee benefits			
- Other employee benefits	-	-	-

CAPIOT Software Private Limited

Notes forming part of condensed financial statements

16. Revenue from operations (net)

	For the quarter ended		For the year ended
	June 30, 2023 (In ₹'000)	June 30, 2022 (In ₹'000)	March 31, 2023 (In ₹'000)
Sale of Products	-	-	-
Sale of Services	-	-	-
	-	-	-

17. Other income

	For the quarter ended		For the year ended
	June 30, 2023 (In ₹'000)	June 30, 2022 (In ₹'000)	March 31, 2023 (In ₹'000)
Interest on ICD	-	11.81	-
Interest on income tax refund	-	-	1,021.64
Interest on Bank	-	-	11.81
Miscellaneous income	-	-	2,465.41
Advances written back	-	12,491.61	10,624.87
	-	12,503.43	14,123.73

18. Personnel expenses

	For the quarter ended		For the year ended
	June 30, 2023 (In ₹'000)	June 30, 2022 (In ₹'000)	March 31, 2023 (In ₹'000)
18.1 Employee benefits expense			
Salaries, wages and bonus	-	-	-
Contribution to provident and other funds	-	-	-
	-	-	-
18.2 Cost of professionals			
- Technical Professional- Subsidiaries	-	-	-
- Others	-	-	-
	-	-	-
	-	-	-
	-	-	-

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CAPIOT Software Private Limited

Notes forming part of condensed financial statements

19. Other expenses

	For the quarter ended		For the year ended
	June 30, 2023	June 30, 2022	March 31, 2023
	(In ₹'000)	(In ₹'000)	(In ₹'000)
Rates, fees and taxes	16.41	3,106.80	1,920.33
Auditors' remuneration	62.50	50.00	250.00
Miscellaneous expenses	-	42.31	43.29
	78.91	3,199.11	2,213.62

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CAPIOT Software Private Limited

Notes forming part of condensed financial statements

20. Earnings per share

		For the quarter ended		For the year ended
		June 30, 2023	June 30, 2022	March 31, 2023
<u>Numerator for Basic and Diluted EPS</u>				
Net Profit after tax (In ₹ '000)	(A)	(59.05)	7,048.29	9,525.81
<u>Denominator for Basic EPS</u>				
Weighted average number of equity shares	(B)	186,703	186,703	186,703
<u>Denominator for Diluted EPS</u>				
Number of equity shares	(C)	186,703	186,703	186,703
Basic Earnings per share of face value of ₹ 10 each (In ₹)	(A/B)	(0.32)	37.75	51.02
Diluted Earnings per share of face value of ₹ 10 each (In ₹)	(A/C)	(0.32)	37.75	51.02
<hr/>				
		For the quarter ended		For the year ended
		June 30, 2023	June 30, 2022	March 31, 2023
Number of shares considered as basic weighted average shares outstanding		186,703	186,703	186,703
Add: Effect of dilutive issues of stock options		-	-	-
Number of shares considered as weighted average shares and potential shares outstanding		186,703	186,703	186,703

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CAPIOT Software Private Limited
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

21. Contingent liability

The Company does not have any contingent liability as at June 30, 2023 (March 31, 2023 - ₹ Nil).

22. The financial statements are presented in ₹ thousands except for per share information or as otherwise stated.

23. Previous period's figures have been regrouped where necessary to conform to current period's classification.

As per our report of even date

For Joshi Apte &Co.,
Chartered Accountants
Firm registration no. 104370W

For and on behalf of the Board of Directors of
CAPIOT Software Private Limited
CIN:U72200TG2014PTC095033

per C.K. Joshi
Partner
Membership No. 030428

Hitesh Salla
Director
DIN: 07020855

Sunil Sapre
Director
DIN: 06475949

Place: India
Date: July 17, 2023

Place: India
Date: July 17, 2023

Place: India
Date: July 17, 2023

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