AVON MOBILITY SOLUTIONS PRIVATE LIMITED
BALANCE SHEET AS AT 31 MARCH 2020

Particulars	Notes Ref.	As at 31 March 2020 (Rupees)	As at 31 March 2019 (Rupees)
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	184,367	144,270
Intangible assets	2.1	3,295	9,397
Financial assets			
Other financial assets	2.2	10,000	10,000
Income tax asset	2.3	948,480	862,737
		1,146,142	**1,026,404**
Current assets			
Financial assets			
Trade receivables	2.4	383,346	1,587,969
Cash and cash equivalents	2.5	857,881	3,662,447
Other bank balances	2.6	39,917	37,163
Other current financial assets	2.7	341,697	-
Other current assets	2.8	283,200	328,543
		1,906,041	**5,616,122**
TOTAL ASSETS		**3,052,183**	**6,642,526**
EQUITY & LIABILITIES			
EQUITY			
Equity share capital	2.9	111,100	111,100
Other equity	2.10	(38,349,403)	(26,240,109)
		(38,238,303)	**(26,129,009)**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	2.11	32,585,176	29,355,220
Provisions	2.12	2,619,676	2,093,899
		35,204,852	**31,449,119**
Current liabilities			
Financial liabilities			
Borrowings	2.13	5,000,000	-
Trade payables	2.14		
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		267,498	160,843
Other financial liabilities	2.15	229,555	330,805
Provisions	2.16	290,289	423,842
Other current liabilities	2.17	298,292	406,926
		6,085,634	**1,322,416**
TOTAL EQUITY AND LIABILITIES		**3,052,183**	**6,642,526**
See accompanying notes forming part of the financial statements	1 & 2		

In terms of our report attached

For **B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231 W / W-100024

Sd/-

ASHWIN BAKSHI
Partner
Membership number : 506777
UDIN : 20506777AAAAAY1346

Place : New Delhi
Date : 21 May 2020

For and on behalf of the Board of Directors
AVON MOBILITY SOLUTIONS PRIVATE LIMITED

Sd/-

THOMAS ZACHARIAH
Managing Director

Place : Chennai
Date : 21 May 2020

Sd/-

VISHNU R DUSAD
Director

Place : Noida
Date : 21 May 2020

AVON MOBILITY SOLUTIONS PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

		Notes Ref.	Year Ended 31 March 2020 (Rupees)	Year Ended 31 March 2019 (Rupees)
1.	**REVENUE FROM OPERATIONS**			
	Income from software development services	2.18	6,193,600	6,892,043
2.	**OTHER INCOME**	2.19	110,681	198,544
3.	**TOTAL REVENUE (1+2)**		**6,304,281**	**7,090,587**
4.	**EXPENSES**			
	Employee benefit expenses	2.20	12,643,813	12,728,540
	Operating and other expenses	2.21	2,137,789	4,802,168
	Finance cost	2.22	3,353,858	2,528,966
	Depreciation and amortisation expense	2.1	140,649	364,253
	TOTAL EXPENSES		**18,276,109**	**20,423,927**
5.	**LOSS BEFORE TAX (3-4)**		**(11,971,828)**	**(13,333,340)**
6.	**TAX EXPENSE**		-	-
7.	**LOSS FOR THE YEAR (5-6)**		**(11,971,828)**	**(13,333,340)**
8.	**OTHER COMPREHENSIVE INCOME**			
	(i) Items that will not be reclassified to profit or loss			
	a) Loss on remeasurements of the defined benefit plans		**(137,466)**	**(54,094)**
	TOTAL OTHER COMPREHENSIVE INCOME		**(137,466)**	**(54,094)**
9.	**TOTAL COMPREHENSIVE INCOME (7+8)**		**(12,109,294)**	**(13,387,434)**
10.	**EARNINGS PER EQUITY SHARE**			
	Equity share of Rs. 10 each	2.23		
	a) Basic and diluted		(1,078)	(1,200)
	Number of shares used in computing earnings per share			
	a) Basic and diluted		11,110	11,110

See accompanying notes forming part of the financial statements 1 & 2

In terms of our report attached

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Managing Director

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Date : 21 May 2020

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VISHNU R DUSAD
Director

Place : Noida
Date : 21 May 2020

'AVON MOBILITY SOLUTIONS PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

A. Equity Share Capital

(Amount in Rupees)

Balance as at 1 April 2019	Changes in equity share capital during the year	Balance as at 31 March 2020
111,100	-	111,100

Balance as at 1 April 2018	Changes in equity share capital during the year	Balance as at 31 March 2019
111,100	-	111,100

B. Other Equity

(Amount in Rupees)

Particulars	Non convertible non-cumulative preference shares	Reserves and Surplus		Total
		Securities premium	Retained earnings	
Balance as of 1 April 2019	16,261,946	9,988,900	(52,490,955)	(26,240,109)
Loss for the year	-	-	(11,971,828)	(11,971,828)
Loss on remeasurements of the defined benefit plans,net	-	-	(137,466)	(137,466)
Balance as of 31 March 2020	**16,261,946**	**9,988,900**	**(64,600,249)**	**(38,349,403)**

(Amount in Rupees)

Particulars	Non convertible non-cumulative preference shares	Reserves and Surplus		Total
		Securities premium	Retained earnings	
Balance as of 1 April 2018	10,773,540	9,988,900	(39,103,521)	(18,341,081)
Loss for the year	-	-	(13,333,340)	(13,333,340)
Equity component of Non convertible non- cumulative preference shares	5,488,406	-	-	5,488,406
Loss on remeasurements of the defined benefit plans,net	-	-	(54,094)	(54,094)
Balance as of 31 March 2019	**16,261,946**	**9,988,900**	**(52,490,955)**	**(26,240,109)**

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231 W / W-100024

Sd/-
ASHWIN BAKSHI
Partner
Membership number : 506777
UDIN : 20506777AAAAAY1346

Place : New Delhi
Date : 21 May 2020

For and on behalf of the Board of Directors
AVON MOBILITY SOLUTIONS PRIVATE LIMITED

Sd/-
THOMAS ZACHARIAH
Managing Director

Place : Chennai
Date : 21 May 2020

Sd/-
VISHNU R DUSAD
Director

Place : Noida
Date : 21 May 2020

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Year ended 31 March 2020 (Rupees)	Year ended 31 March 2019 (Rupees)
A. Cash flow from operating activities		
Net loss before tax	(11,971,828)	(13,333,340)
Adjustments for non cash and non operating items:		
Depreciation and amortisation expense	140,649	364,253
Interest on fixed deposits and others	(47,687)	(91,678)
Interest expenses on compound financial instrument-preference shares	3,229,956	2,515,567
Interest on loan from holding company	120,902	-
Profit on sale of property, plant and equipment (net)	(19,068)	(126,892)
Provision for doubtful trade receivables	10,223	(89,020)
Operating loss before working capital changes	**(8,536,853)**	**(10,761,110)**
Adjustment for (increase) / decrease in operating assets		
- Trade receivables	1,194,400	(956,930)
- Other financial assets	-	741,651
- Other current and non current assets	(296,354)	86,843
Adjustment for increase / (decrease) in operating liabilities		
- Trade payables	106,655	(649,333)
- Provisions	254,758	451,941
- Other liabilities	(209,884)	(58,386)
	(7,487,278)	(11,145,324)
Net income tax refund/(paid)	(85,743)	226,764
Cash flow used in operating activities (A)	**(7,573,021)**	**(10,918,560)**
B. Cash flow from investing activities		
Acquisition of property, plant and equipment	(174,644)	(77,412)
Proceeds from sale of property, plant and equipment	19,068	149,068
Bank deposits (net) and other bank balances not considered as cash and cash equivalents	(2,754)	(2,273)
Interest received on fixed deposits	47,687	91,750
Net cash from / (used in) investing activities (B)	**(110,643)**	**161,133**
C. Cash flow from financing activities		
Loan from holding company	5,000,000	-
Interest paid on loan from holding company	(120,902)	-
Proceeds from issue of preference shares	-	13,500,000
Net cash flow from financing activities (C)	**4,879,098**	**13,500,000**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(2,804,566)**	**2,742,573**
Opening cash and cash equivalents	3,662,447	919,874
Closing cash and cash equivalents	**857,881**	**3,662,447**

See accompanying notes forming part of the financial Statements 1 & 2

In terms of our report attached

For **B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number:116231W/W-100024

Sd/-

ASHWIN BAKSHI
Partner
Membership number : 506777
UDIN : 20506777AAAAAY1346

Place : New Delhi
Date : 21 May 2020

For and on behalf of the Board of Directors
AVON MOBILITY SOLUTIONS PRIVATE LIMITED

Sd/-

THOMAS ZACHARIAH
Managing Director

Place : Chennai
Date : 21 May 2020

Sd/-

VISHNU R DUSAD
Director

Place : Noida
Date : 21 May 2020

Note 1:

1.1 Company Overview

Avon Mobility Solutions Private Limited ('Avon' or 'the Company') was incorporated in May 2007 in India. Avon is a wholly owned subsidiary company of Nucleus Software Exports Limited and the Company's business primarily consists of developing software and IT enabled services.

1.2. Significant accounting policies

i. Basis of preparation of financial statements

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

The Financial statements were approved for issue by the Board of Directors on 21 May 2020.

b) Going concern assumption

The Company has been continuously incurring business losses from operations. As at 31 March 2020, the net worth of the Company is completely eroded on account of significant accumulated losses. However, in view of continued financial support from the Holding Company, management is of the view that the Company shall be able to continue as a going concern and has accordingly prepared these financial statements on a going concern basis.

Management's view is further supported by the fact that on 28 February 2019, the Board of Directors of the Company had approved a scheme of amalgamation ("the Scheme") for merger of the Company with the Holding Company w.e.f 1 April 2019, being the appointed date, and the petition for merger has been approved by the National Company Law Tribunal (NCLT), Delhi Bench on 18 March 2020. As on date, the Company is awaiting a certified copy of this order alongwith the approved the scheme of merger from the NCLT. Consequently, the filing of these documents with the Registrar of Companies (ROC) and other necessary steps required to give effect to the Scheme are pending as on date and the process is expected to get completed in the near future.

The above factors do not indicate any uncertainty as regards the ability of the Company to continue as a going concern.

c) Functional and Presentation currency

The financial statements are presented in Indian Rupees (Rupees), which is also the Company`s functional currency.

d) Basis of measurement

The financial statements have been prepared on the historical basis except for the following items:

Items	Measurement Basis
Certain financial assets and liabilities (including derivative instruments)	Fair Value
Net defined benefit(asset)/liability	Fair value of plan assets less present value of defined benefit obligations

e) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Lease classification – Note 2.24

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent period financial statements is included in the following notes:

- Estimation of deferred tax – Note 1.2 (xi) (b)
- Estimated useful life of property, plant and equipment and Intangibles – Note 1.2 (iv) and (v)
- Estimation of defined benefit obligation- Note 2.12 and Note 2.16
- Impairment of trade receivable- Note 2.4

Measurement of fair values

The Company`s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a treasury team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The treasury team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

ii. Revenue Recognition

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

Revenue from sale of services is recognised over the period in which such services are rendered in accordance with the terms of contract.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Unbilled revenue is recognised when there is excess of revenue earned over billings on contracts. Unbilled revenue is classified as other financial asset (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

iii. Other income

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset ; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit- impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

iv. Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Cost of an item of property, plant and equipment includes its purchase price, any directly attributable expenditure on making the asset ready for its intended use. Property, plant and equipment under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

Depreciation on property, plant and equipment, is provided on the straight-line method based on useful lives of respective assets as estimated by the management taking into account nature of the asset, the estimated usage of the asset and the operating conditions of the asset. Depreciation is charged on a pro-rata basis for assets purchased / sold during the year.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit and loss.

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

The management's estimates of the useful lives of the various property, plant and equipment are as follows:

Asset category	**Management estimate of useful life (in years)**	**Useful life as per Schedule II(in years)**
Tangible asset		
Plant and machinery (including office equipment)*	5	15
Computers- end user devices such laptops, desktops etc.*	3	3
Computers- servers and networking equipment*	4	6
Furniture and fixtures*	5	10

*Based on technical evaluation, the useful lives as given above represent the period over which the management believes to use these assets; hence these lives are different from the useful lives prescribed under Part C of schedule II of the Companies Act, 2013.

v. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

The management's estimates of the useful lives of the Software are 3 years.

vi. Financial instruments

a) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provision of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVOCI)-equity investment; or
- FVTPL

Financial asset are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment`s fair value in OCI (designated as FVOCI-equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivatives financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirement to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

− contingent events that would change the amount or timing of cash flows;
− terms that may adjust the contractual coupon rate, including variable interest rate features;
− prepayment and extension features; and
− terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

c) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

vii. Impairment

a) Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:
- financial assets measured at amortised cost;

At each reporting date, the Company assesses whether financial assets carried at amortised cost A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

Measurement of expected credit losses
Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

b) Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets
that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

viii. Provisions (other than for employee benefits)

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

ix. Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet date and exchange gain and losses arising on settlement and restatement are recognised in the statement of profit and loss. Non- monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

x. Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year-end, except where the results would be anti-dilutive.

xi. Taxation

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be real.

xii. Employee benefits

Defined contribution plans

The Company's contribution to provident fund and employees' state insurance fund is considered as defined contribution plans and is charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each year end. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets.

Other long-term employee benefits

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation during or on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as Other Long-Term Employee Benefit. Liability with respect to the Compensated absences is determined based on an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognised in the Statement of Profit and Loss account.

xiii. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period 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 item 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.

xiv. Leases

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. The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The Company has elected not to apply the requirements of Ind AS 116 Leases 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 payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessee.

xv. Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.1 Property, plant and equipment and Intangible assets

(Amount in Rupees)

PARTICULARS	GROSS CARRYING AMOUNT				ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT	
	As at 1 April 2019	Additions	Deductions / adjustments	As at 31 March 2020	As at 1 April 2019	Depreciation for the year	Deductions / adjustments	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Tangible assets										
- Computers	318,742	123,305	-	442,047	212,147	116,318	-	328,465	113,582	106,595
	(241,330)	(77,412)	-	(318,742)	(85,231)	(126,916)	-	(212,147)	(106,595)	(156,099)
- Office equipment	55,784	51,339		107,123	18,109	18,229		36,338	70,785	37,675
	(177,898)	-	(122,114)	(55,784)	(100,278)	(17,770)	(99,939)	(18,109)	(37,675)	(77,620)
- Furniture and fixtures	26,478	-		26,478	26,478	-	-	26,478	-	-
	(388,699)	-	(362,221)	(26,478)	(388,699)	-	(362,221)	(26,478)	-	-
	401,004	**174,644**	**-**	**575,648**	**256,734**	**134,547**	**-**	**391,281**	**184,367**	**144,270**
	(807,927)	(77,412)	(484,335)	(401,004)	(574,208)	(144,686)	(462,160)	(256,734)	(144,270)	(233,719)
Intangible assets										
- Softwares	**365,801**	-	-	**365,801**	**356,404**	**6,102**	**-**	**362,506**	**3,295**	**9,397**
	(365,801)	-	-	(365,801)	(136,837)	(219,567)	-	(356,404)	(9,397)	(228,964)
Total	**766,805**	**174,644**	**-**	**941,449**	**613,138**	**140,649**	**-**	**753,787**	**187,662**	**153,667**
	(1,173,728)	(77,412)	(484,335)	(766,805)	(711,045)	(364,253)	(462,160)	(613,138)	(153,667)	(462,683)

Note:
Figures in brackets pertain to the relevant previous year.

	Particulars	As at 31 March 2020 (Rupees)	As at 31 March 2019 (Rupees)
2.2	**OTHER FINANCIAL ASSETS - NON CURRENT**		
	Security deposits	10,000	10,000
		10,000	**10,000**
2.3	**INCOME TAX ASSETS**		
	Advance tax	948,480	862,737
		948,480	**862,737**
2.4	**CURRENT TRADE RECEIVABLES**		
	Trade receivables considered good - Unsecured	383,346	1,587,969
	Trade receivables - credit impaired	-	13,990
		383,346	1,601,959
	Less: Allowance for doubtful trade receivables	-	(13,990)
		383,346	1,587,969
		383,346	**1,587,969**
2.5	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents		
	Cash on hand	2,963	2,148
	Balances with scheduled banks:		
	- in current accounts	854,918	1,153,811
	Balances with scheduled banks in deposits account with orignal maturity of less then 3 Months	-	2,506,488
		857,881	**3,662,447**
2.6	**OTHER BANK BALANCES**		
	Balances with scheduled banks in deposits account:		
	- Maturity within 12 Months of reporting date	39,917	37,163
		39,917	**37,163**
2.7	**OTHER CURRENT FINANCIAL ASSETS**		
	Unbilled Revenue	341,697	-
		341,697	**-**
2.8	**OTHER CURRENT ASSETS**		
	Supplier advance	283,200	26,044
	Income Accrued but not due	-	302,499
		283,200	**328,543**

2.9 SHARE CAPITAL

a. Authorised

Equity shares		
100,000 (100,000) equity shares of Rs. 10 each	**1,000,000**	**1,000,000**
Preference shares		
4,000,000 (4,000,000) preference share of Rs. 10 each	**40,000,000**	**40,000,000**

b. Issued, subscribed and fully paid-Up

11,110 (11,110) equity shares of Rs. 10 each, fully paid up	111,100	111,100

Refer notes below

(i) **Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year :**

Equity shares		
As at the beginning of the year		
- Number of Shares	11,110	11,110
- Amount	111,100	111,100
Shares issued during the year		
- Number of Shares	-	-
- Amount	-	-
As at the end of the year		
- Number of Shares	11,110	11,110
- Amount	111,100	111,100
11% redeemable non cumulative preference shares		
As at the beginning of the year		
- Number of Shares	4,000,000	2,650,000
- Amount	40,000,000	26,500,000
Shares issued during the year		
- Number of Shares	-	1,350,000
- Amount	-	13,500,000
As at the end of the year		
- Number of Shares	4,000,000	4,000,000
- Amount	40,000,000	40,000,000

- The Company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

- 11% redeemable non cumulative preference shares of Rs. 10 each were privately placed with Nucleus Software Exports limited, the holding company at par. The preference shares will be redeemed at face value of Rs. 10 each. The minimum tenure of these redeemable preference shares is 5 years and maximum tenure of these redeemable preference shares is 20 years. The company has discretionary rights for declaration of dividend.

(ii) **Details of shares held by Nucleus Software Exports Limited, the Holding Company :**

Equity shares

Particulars	As at 31 March, 2020	
	(Number)	(Number)
Nucleus Software Exports Limited	11,100	11,100

Particulars	As at 31 March, 2019	
	(Number)	(Number)
Nucleus Software Exports Limited	11,100	11,100

(iii) **Number of shares held by shareholders holding more than 5% of the aggregate shares in the Company :-**

Particulars	As at 31 March, 2020	
Equity shares of Rs. 10 each fully paid up and held by	(Number)	(% of total shares)
Nucleus Software Exports Limited	11,100	100%

Particulars	As at 31 March, 2019	
Equity shares of Rs. 10 each fully paid up and held by	(Number)	(% of total shares)
Nucleus Software Exports Limited	11,100	100%

	Particulars	As at 31 March 2020 (Rupees)	As at 31 March 2019 (Rupees)
2.10	**OTHER EQUITY**		
	(a) Reserves and Surplus		
	Securities premium	9,988,900	9,988,900
	Retained earnings	(64,600,249)	(52,490,955)
		(54,611,349)	**(42,502,055)**
	(i) Securities premium		
	At the commencement and end of the year	9,988,900	9,988,900
	Closing balance	**9,988,900**	**9,988,900**
	(ii) Retained earnings		
	Opening balance	(52,490,955)	(39,103,521)
	Add: Loss for the year	(11,971,828)	(13,333,340)
	Add: Loss on remeasurements of the defined benefit plans	(137,466)	(54,094)
	Closing balance	**(64,600,249)**	**(52,490,955)**
	(b) Equity Component of Compound financial instrument		
	Opening balance	16,261,946	10,773,540
	Equity Component of 11% non comulative Preferance share issued	-	5,488,406
	Closing balance	**16,261,946**	**16,261,946**
	Total (a) + (b)	**(38,349,403)**	**(26,240,109)**

Nature and purpose of other reserves

Securities premium

Securities premium is used to record the premium on issue of shares. The balance is utilised in accordance with the provisions of the Companies Act, 2013.

Particulars	As at 31 March 2020 (Rupees)	As at 31 March 2019 (Rupees)

2.11 LONG TERM BORROWINGS

Liability component of compound financial instruments		
4,000,000 (31 March 2019: 4,000,000) 11% redeemable non cumulative preference shares of Rs. 10 each	32,585,176	29,355,220
	32,585,176	**29,355,220**

11% redeemable non cumulative preference shares of Rs. 10 each were privately placed with Nucleus Software Exports limited, the holding company at par. The preference shares will be redeemed at face value of Rs. 10 each. The minimum tenure of these redeemable preference shares is 5 years and maximum tenure of these redeemable preference shares is 20 years. The company has discretionary rights for declaration of dividend.

Particulars	31 March 2020	31 March 2019
Borrowing at the begining of the year	29,355,220	18,828,059
Face value of 11% redeemable non cumulative redeemable Preference share issued	-	13,500,000
Equity Component of 11% non cumulative redeemable Preference share issued	-	(5,488,406)
Movement due to non-cash transactions		
- Interest Expense	3,229,956	2,515,567
Long term Borrowing	**32,585,176**	**29,355,220**

2.12 LONG-TERM PROVISIONS

Provision for employee benefits		
Provision for gratuity (refer Note 2.26)	2,322,651	1,870,067
Provision for compensated absences	297,025	223,832
	2,619,676	**2,093,899**

2.13 SHORT TERM BORROWING

Loan from Holding Company (refer Note 2.27)*	5,000,000	-
	5,000,000	**-**

*The Company has availed unsecured loan from its Holding company, Nucleus Software Exports Limited to meet working its capital requirements. The borrowing carries an interest rate of 10% per annual and its repayable with in 12 Months. During the current year, the Company has not made any principal repayment.

2.14 TRADE PAYABLES

Trade payables (see Note below)		
-Total outstanding dues of micro enterprises and small enterprises	-	-
-Total outstanding dues of creditors other than micro enterprises and small enterprises (see Note below)	267,498	160,843
	267,498	**160,843**

Note: The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filling of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2020 and 31 March 2019 have been made in the financials statements based on information received and available with the Company.

	As at 31 March 2020		As at 31 March 2019	
	Principal	Interest	Principal	Principal
a) Amount due to vendor	-	-	-	-
b) Principal amount paid (including interest paid) beyond the appointed date	-	-	-	-
c) Interest due and payable for the period of delay in making payment	-	-	-	-
d) Interest accrued and remaining unpaid	-	-	-	-
e) Further interest remaining due and payable for the purpose of disallowance of a deductible expenditure under section 23	-	-	-	-
	-	**-**	**-**	**-**

2.15 OTHER CURRENT FINANCIAL LIABLITIES

Employees Payable	229,555	330,805
	229,555	**330,805**

2.16 SHORT-TERM PROVISIONS

Provision for employee benefits		
Provision for gratuity (refer Note 2.26)	219,881	364,523
Provision for compensated absences	70,408	59,319
	290,289	**423,842**

2.17 OTHER CURRENT LIABILITIES

Statutory liabilities	298,292	406,926
	298,292	**406,926**

	Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
		(Rupees)	(Rupees)
2.18	**INCOME FROM SOFTWARE DEVELOPMENT SERVICES**		
	Sale of product	3,168,600	4,302,836
	Sale of services (refer Note 2.27)	3,025,000	2,589,207
		6,193,600	**6,892,043**
2.19	**OTHER INCOME**		
	Interest income on financial assets-carried at amortised cost :		
	-Deposit with Banks	47,687	91,678
	Net gain/(loss) on exchange fluctuation	44	(71,702)
	Interest income on Income tax refund	43,882	43,158
	Net profit on sale of property, plant and equipment	19,068	126,892
	Miscellaneous income	-	8,518
		110,681	**198,544**
2.20	**EMPLOYEE BENEFIT EXPENSES**		
	Salaries and wages	11,386,486	11,570,105
	Contribution to provident and other funds	694,559	703,789
	Gratuity expense (see Note 2.26)	338,920	334,159
	Staff welfare expenses	223,848	120,487
		12,643,813	**12,728,540**
2.21	**OPERATING AND OTHER EXPENSES**		
	Rent and hire charges	969,012	981,438
	Repair and maintenance		
	- Others	-	7,919
	Insurance	5,371	5,768
	Rates & taxes	9,615	42,310
	Travelling	312,127	210,138
	Legal and professional (refer Note below)	345,667	2,811,242
	Conveyance	5,593	22,493
	Communication	28,981	21,317
	Training and recruitment	40,000	118,954
	Power and fuel	-	37,113
	Advertisement and business promotion	16,780	7,436
	Printing and stationery	7,234	12,755
	IT expenses	3,177	8,751
	Outsourced technical service expenses	319,176	443,923
	Provision for doubtful trade receivables	10,223	770
	Miscellaneous expenses	64,833	69,841
		2,137,789	**4,802,168**
	Note:		
	Legal and professional expenses includes audit fees (excluding taxes):		
	a. As auditors - statutory audit	100,000	100,000
	b. Outlays	3,000	3,000
2.22	**FINANCE COST**		
	Bank charges	3,000	13,399
	Interest on loan from holding company	120,902	-
	Interest expenses on compound financial instrument-preference shares	3,229,956	2,515,567
		3,353,858	**2,528,966**
2.23	**EARNINGS PER SHARE**		
	Basic and Diluted		
	a. Loss after tax	(11,971,828)	(13,333,340)
	b. Weighted average number of equity shares	11,110	11,110
	c. Earnings per share	(1,078)	(1,200)

2.24 OPERATING LEASE

Obligations on short-term, cancellable operating leases

The Company has recorded rental expense for short-term leases during the year ended March 2020 Rs. 969,012 (year ended 31 March 2019 Rs. 981,438)

2.25 Financial Instruments

a) Financial Instruments by category

The carrying value and fair value of financial instruments by categories of 31 March 2020 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Assets:								
Cash and cash equivalents (2.5)	857,881	-	-	857,881	857,881			
Other bank balances (2.6)	39,917	-	-	39,917	39,917			
Trade receivables (2.4)	383,346	-	-	383,346	383,346			
Other financial assets (2.2 and 2.7)	351,697	-	-	351,697	351,697			
	1,632,841	**-**	**-**	**1,632,841**	**1,632,841**			
Liabilities:								
Trade payables (2.14)	267,498	-	-	267,498	267,498			
Other current financial liabilities (2.15)	229,555			229,555	229,555			
Long term borrowing (2.11)	32,585,176	-	-	32,585,176	32,585,176			
Short term borrowing (2.13)	5,000,000	-	-	5,000,000	5,000,000			
	38,082,229	**-**	**-**	**38,082,229**	**38,082,229**			

The carrying value and fair value of financial instruments by categories of 31 March 2019 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Assets:								
Cash and cash equivalents (2.5)	3,662,447	-	-	3,662,447	3,662,447			
Other bank balances (2.6)	37,163	-	-	37,163	37,163			
Trade receivables (2.4)	1,587,969	-	-	1,587,969	1,587,969			
Other financial assets (2.2)	10,000	-	-	10,000	10,000			
	5,297,579	**-**	**-**	**5,297,579**	**5,297,579**			
Liabilities:								
Trade payables (2.14)	160,843	-	-	160,843	160,843			
Other current financial liabilities (2.15)	330,805	-	-	330,805	330,805			
Borrowings (2.11)	29,355,220	-	-	29,355,220	29,355,220			
	29,846,868	**-**	**-**	**29,846,868**	**29,846,868**			

The carrying amount of current trade receivables, security deposit, trade payables, current financial liabilities and cash and cash equivalent are considered to be same as their fair values, due to their short-term nature.

The fair value of borrowings were calculated based on cashflows discounted using a coupon rate which approximates lending rate.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:
a) the use of quoted market prices or dealer quotes for similar instruments.
b) the fair value of remaining financial instruments is determined using discounted cash flows method.

b) **Financial risk management**

The Company's activities expose it to a variety of financial risks arising from financial instruments

- **Market risk,**
- **Credit risk and**
- **Liquidity risk**

i) Market risk

a) Currency risk

The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company operates locally and a major portion of the business is transacted in INR and consequently the Company is not exposed to foreign exchange risk.

b) Price risk: The Company has no exposure to price risk as Company doesn't hold any investment.

ii) Credit risk

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

A default on a financial asset is when the counter party fails to make contractual payments within 90 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs. 383,346 and Rs. 1,587,969 as of 31 March 2020 and 31 March 2019 respectively, Other current financial assets amounting to Rs 341,696 and Rs. Nil as of 31 March 2020 and 31 March 2019 respectively and Income Accrued but not due amounting to Rs.Nil and Rs 302,499 as of 31 March 2020 and 31 March 2019 respectively. Credit risk has always been managed by the company through credit approval, establishing credit limits and continuously monitoring the credit worthiness of the customers to which the company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The Company has nil expected credit loss allowance.

The following table gives details in respect of percentage of revenues generated from top customer and top three customers:

Particulars	**Year ended 31 March 2020**	**Year ended 31 March 2019**
	(in %)	(in %)
Revenue from top customer	51.16	60.89
Revenue from top two customers	100.00	98.46

Credit risk exposure

The lifetime expected credit loss on customer balances for the year ended 31 March 2020 is Rs. Nil and for the year ended 31 March 2019 was Rs. 13,990.

Particulars	**As at 31 March 2020**	**As at 31 March 2019**
Balance at the beginning	13,990	103,010
Impairment loss recognised/ reversed	10,223	980
Amounts written off	(24,213)	(90,000)
Balance at the end	-	13,990

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

a) Expected credit loss for loans, security deposits and Investments

As at 31 March 2020

Particulars		**Asset group**	**Estimated gross carrying amount at default**	**Expected probability of default**	**Expected credit loss**	**Carrying amount net of impairment provision**
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recogntion	Security deposits	10,000	0%	-	10,000
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit -impaired	NA	NA	NA	NA	NA

As at 31 March 2019

Particulars		**Asset group**	**Estimated gross carrying amount at default**	**Expected probability of default**	**Expected credit loss**	**Carrying amount net of impairment provision**
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recogntion	Security deposits	10,000	0%	-	10,000
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit -impaired	NA	NA	NA	NA	NA

b) Expected credit loss for trade receivables under simplified approach

As at 31 March 2020

Ageing	Not due	0-90 days past due	90-180 days past dues	180-270 days past dues	270-360 days past dues	More than 360 days past dues	Total
Gross carrying amount	259,718	104,908	6,498	12,222			383,346
Expected credit losses (Loss allowance provision)	-	-	-	-	-	-	-
carrying amount of trade receivables (net of impairment)	259,718	104,908	6,498	12,222	-	-	383,346

As at 31 March 2019

Ageing	Not due	0-90 days past due	90-180 days past dues	180-270 days past dues	270-360 days past dues	More than 360 days past dues	Total
Gross carrying amount	1,518,486	17,700	28,183	17,700	5,900	13,990	1,601,959
Expected credit losses (Loss allowance provision)	-	-	-	-	-	13,990	13,990
carrying amount of trade receivables (net of impairment)	1,518,486	17,700	28,183	17,700	5,900	-	1,587,969

c) Expected credit loss for Unbilled Revenue / Service Income Accrued but not due under simplified approach

As at 31 March 2020

Ageing	0-90 days	90-180 days	180-270 days	270-360 days	More than 360 days	Total
Gross carrying amount	341,697	-	-	-	-	341,697
Less : Expected credit losses (Loss allowance provision)						-
Carrying amount of contract asset (net of impairment)	341,697	-	-	-	-	341,697

As at 31 March 2019

Ageing	0-90 days	90-180 days	180-270 days	270-360 days	More than 360 days	Total
Gross carrying amount	302,499	-	-	-	-	302,499
Less : Expected credit losses (Loss allowance provision)						-
Carrying amount of contract asset (net of impairment)	302,499	-	-	-	-	302,499

iii) Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents, cash flows generated from operations and continous financial support from its Parent Company. The company has no outstanding bank borrowings. The company believes that the working capital and the continuous financial support from its Parent Company is sufficient to meet its current requirement. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2020:

Particulars	Less than 1 year	1-2 years	Total
Borrowings	5,000,000	32,585,176	**37,585,176**
Trade payables	267,498	-	**267,498**
Other financial liabilities	229,555	-	**229,555**

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2019:

Particulars	Less than 1 year	1-2 years	Total
Borrowings	-	29,355,220	**29,355,220**
Trade payables	160,843	-	**160,843**
Other financial liabilities	330,805	-	**330,805**

c) Capital Management

The Company's objectives when managing capital are to:

-safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and

- maintain an appropriate capital structure

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management in deployment of funds so as to maintain investors, creditors & markets' confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity.

The Company monitors capital, using a medium term view of three to five years, on the basis of a number of financial ratios generally used by industry and by the rating agencies. The Company is not subject to externally imposed capital requirements.

The Company monitors capital using gearing ratio which is adjusted net debt divided by total equity. Adjusted net debt comprises of long term and short term liabilities less cash and cash equivalent. Equity includes equity share capital and reserves that are managed as capital. The gearing ratio at the end of the reporting periods was as follows:

	As at 31 March, 2020	As at 31 March, 2019
Total Liabilities	41,290,486	32,771,535
Less: Cash and cash equivalnets	857,881	3,662,447
Adjusted debt	**40,432,605**	**29,109,087**
Total equity	**(38,238,303)**	**(26,129,009)**
Adjusted net debt to equity ratio	**-106%**	**-111%**

Risk management

For the purpose of the Company`s capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company`s capital management is to maximise the shareholder value.

The Company manages it capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, raise debts or issue new shares.

2.26 Employee benefit obligations

Defined contribution plans

An amount of Rs. 679,481 for the year ended 31 March, 2020 (Year ended 31 March, 2019 Rs. 665,393), has been recognized as an expense in respect of the Company's contribution for towards Provident Fund and Rs. 15,078 (Year ended 31 March, 2019 Rs. 38,396) for Employee State Insurance Fund deposited with the government authorities and has been shown under employee benefit expenses in the Statement of Profit and Loss.

In relation to the judgement of the Honourable Supreme Court of India (SC) on 28 February 2019 related to provident fund, there are considerable interpretative challenges including its retrospective implications due to which the impact of the retrospective period cannot be reliably estimated. Management believes that impact of aforementioned uncertainties on the financial statements of the Company is not expected to be material.

Further, with effect from 1 April 2019, the Company has aligned its salary structure in accordance with the (SC) judgement.

Defined benefit plans

The Gratuity scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service or part thereof in excess of 6 months subject to a maximum limit of Rs. 2,000,000 in terms of the provisions of the Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

Provision in respect of gratuity has been determined using the Projected Unit Credit method, with actuarial valuations being carried out at the balance sheet date.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as on 31 March, 2020 :

	Particulars	As at 31 March 2020 (Rupees)	As at 31 March 2019 (Rupees)
a.	**Change in defined benefit obligations (DBO)**		
	Obligation at beginning of the year	2,234,590	1,846,337
	Current service cost	195,257	211,952
	Past Service Cost	-	-
	Interest on defined benefit obligation	143,663	122,207
	Remeasurement due to:		
	Actuarial loss/(gain)arising from change in financial assumptions	98,927	53,020
	Actuarial loss/(gain)arising from change in demographic assumptions	-	7,617
	Actuarial loss/(gain)arising on account of experience changes	38,539	(6,543)
	Benefits paid	(168,444)	-
	Obligation at year end	**2,542,532**	**2,234,590**
b.	**Net asset / (liability) recognised in the Balance Sheet**		
	Present value of defined benefit obligation	2,542,532	2,234,590
	Fair value of plan assets	-	-
	Funded status- Surplus/ (Deficit)	(2,542,532)	(2,234,590)
	Net liability recognised in the Balance Sheet	**(2,542,532)**	**(2,234,590)**

c. **Gratuity cost for the year:**

Particulars	Year ended 31 March 2020 (Rupees)	Year ended 31 March 2019 (Rupees)
Past service cost	-	-
Current service cost	195,257	211,952
Interest cost	143,663	122,207
Net gratuity cost	**338,920**	**334,159**

d. **Loss/ (gain) recognised in other comprehensive income:**

Actuarial loss/(gain)arising from change in financial assumptions	98,927	53,020
Actuarial loss/(gain)arising from change in demographic assumption	-	7,617
Actuarial loss/(gain)arising on account of experience changes	38,539	(6,543)
	137,466	**54,094**

e. **Economic assumptions :**

	Actuarial assumptions for gratuity and long-term compensated absences	
	As at 31 March 2020	**As at 31 March 2019**
Discount rate	6.35%	7.00%
Salary escalation rate	8.00%	8.00%

Discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

f. **Demographic assumptions**

Particulars	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Retirement age	58 years	58 years
Mortality table	IALM Mortality (2012-14)	IALM Mortality (2012-14)

g. **Withdrawal rates**

Particulars	**Year ended 31 March 2020**	**Year ended 31 March 2019**
	Ages - Withdrawal	Ages - Withdrawal
	21-50 years - 16%	21-50 years - 16%
	51-54 years - 2%	51-54 years - 2%
	55-57 years - 1%	55-57 years - 1%

h. **Sensitivity analysis**

'Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding and other assumptions constant,would have affected the defined benefit obligation by the amount shown below:

Particulars	**Year ended 31 March 2020**		**Year ended 31 March 2019**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (0.5% movement)	(74,224)	82,883	(65,920)	69,272
Salary escalation rate (0.5% movement)	37,402	(35,098)	49,831	(62,792)

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.27 Related party transactions

List of related parties

a. List of related parties and nature of relationship where control exists
- Nucleus Software Exports Limited - Holding Company

b. List of related parties and nature of relationship with whom transactions have taken place during the year:
Key managerial personnel:
-Thomas Zachariah (Managing Director)

Other Directors
- Vishnu R Dusad
- K Krishna Kumar (Related party up to 29.10.2019)
-Narayanan Subramaniam (Related party up to 31.03.2019)

Enterprise over which KMP or Directors are able to exercise significant influence
Nucleus Software Solutions Pte Ltd - Fellow subsidiary
Avon Solutions and Logistics Private Limited (Related party up to 31.03.2019)
Pelican Legal Solutions Private Limited (Related party up to 29.10.2019)

	Particulars	Year Ended 31 March 2020 (Rupees)	Year Ended 31 March 2019 (Rupees)
	Transactions with related parties		
a.	**Revenue from Software development services**		
	Nucleus Software Solutions Pte Ltd	-	1,614,207
	Nucleus Software Exports Limited	3,025,000	975,000
b.	**Finance Cost**		
	Nucleus Software Exports Ltd		
	Interest expenses on compound financial instrument-preference shares	3,229,956	2,515,567
	Interest on loan from holding company	120,902	-
c.	**Salary and other benefits to Key managerial personnel***		
	Salaries and wages	3,443,716	3,542,765
	Contribution to provident and other funds	231,540	231,000
d.	**Communciation charges**		
	Avon Solutions and Logistics Private Limited	-	3,435
e.	**Preference share capital**		
	Nucleus Software Exports Limited	-	13,500,000
f.	**Legal and Professional**		
	Pelican Legal Solutions Private Limited	-	2,400,000
g.	**Equity component of Preference share**		
	Nucleus Software Exports Limited	-	5,488,406
h.	**Liability component of Preference share**		
	Nucleus Software Exports Limited	-	8,011,594
i.	**Rent and hire charges**		
	Nucleus Software Exports Limited	969,012	726,759
j.	**Reimbursement of expenses to**		
	Nucleus Software Exports Limited	207,252	-
k.	**Reimbursement of expenses from**		
	Nucleus Software Exports Limited	51,750	-
l.	**Short term borrowings**		
	Loan from Holding Company		
	Nucleus Software Exports Limited	5,000,000	-
	Outstanding balances as at the year end		
a.	**Trade receivables**		
	Nucleus Software Exports Limited	-	1,053,000
b.	**Short term borrowings**		
	Loan from Holding Company		
	Nucleus Software Exports Limited	5,000,000	-
c.	**Long term borrowings**		
	Nucleus Software Exports Limited	32,585,176	29,355,220

*Does not include provision for gratuity and compensated absences since these are computed for the Company as a whole and not on an individual basis.

2.28 Segment reporting

Based on the guiding principles stated in Ind AS 108 on "Segment Reporting" with the accounting standards specified under section 133 of the Act, as applicable, the Chief Operating Decision Maker (CODM) has identified its business of providing software development services as the only reportable operating segment. Accordingly, no additional disclosure for segment reporting have been made in these financial statements.

2.29 DEFERRED TAX ASSETS (NET)

A. Amounts recognised in profit or loss

(Amount in Rupees)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current tax	-	-
Deferred tax	-	-
Net tax expense	**-**	**-**

B. Income tax recognised in other comprehensive income

	For the year ended 31 March 2020		
	Before tax	**Tax (expense) /benefit**	**Net of tax**
Loss on remeasurements of the defined benefit plans	137,466	-	137,466
Income tax recognised in other comprehensive income	137,466	-	137,466

	For the year ended 31 March 2019		
	Before tax	**Tax (expense) /benefit**	**Net of tax**
Loss on remeasurements of the defined benefit plans	54,094	-	54,094
Income tax recognised in other comprehensive income	54,094	-	54,094

C. Movement in temporary differences

(Amount in Rupees)

	Particulars	Balance as at 1 April 2019	Unrecognised temporary differences in profit or loss/ OCI during the year	Balance as at 31 March 2020
(i)	**Deferred tax assets**			
	Property, plant and equipment	231,003	(69,650)	161,353
	Provisions-compensated absences and gratuity	785,535	(28,944)	756,591
	Provision for doubtful trade receivables and others	4,365	(4,365)	-
	Carried forward losses	14,524,872	(4,662,249)	9,862,623
		15,545,775		**10,780,567**
(ii)	**Deferred tax liabilities**			-
				-
	Liability component of compound financial instruments	(3,321,171)	1,393,317	(1,927,854)
		(3,321,171)		**(1,927,854)**
	Deferred tax assets recognized (to the extent of deferred tax liabilities)	3,321,171		1,927,854
	Net Deferred tax assets recognized	-		-

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
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2.30 Nucleus Software Exports Limited ("Holding Company") holds 100% equity shares of the Company. On 28 February 2019, the Board of Directors of the Company had approved a scheme of amalgamation ("the Scheme") for merger of the Company with the Holding Company w.e.f 1 April 2019, being the appointed date, and the petition for merger has been approved by the National Company Law Tribunal (NCLT), Delhi Bench on 18 March 2020. As on date, the Company is awaiting a certified copy of this order alongwith the approved the scheme of merger from the NCLT. Consequently, the filing of these documents with the Registrar of Companies (ROC) and other necessary steps required to give effect to the Scheme are pending as on date and the process is expected to get completed in the near future.

2.31 In view of pandemic relating to COVID -19, the Company has considered internal and external information and has performed sensitivity analysis based on current estimates in assessing the recoverability of trade receivables and other financial assets, for possible impact on the financial statements. However, the actual impact of COVID-19 on the Company's financial statements may differ from that estimated and the Company will continue to closely monitor any material changes to future economic conditions.

For **B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number:116231 W / W-100024

Sd/-

ASHWIN BAKSHI
Partner
Membership number : 506777
UDIN : 20506777AAAAAY1346

Place : New Delhi
Date : 21 May 2020

For and on behalf of the Board of Directors
AVON MOBILITY SOLUTIONS PRIVATE LIMITED

Sd/-	Sd/-
THOMAS ZACHARIAH	**VISHNU R DUSAD**
Managing Director	Director
Place : Chennai	Place : Noida
Date : 21 May 2020	Date : 21 May 2020