



**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF M/s IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **M/s IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> December 2021, the Statement of Profit and Loss (including Statement of Other Comprehensive Income), the Statement of Changes in Equity and Cash Flow Statement for the period then ended and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and accordingly to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in the conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> December 2021, its statement of Profit and Loss, Statement of other Comprehensive income, Statement of Changes in Equity and Cash flow statement for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.



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

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

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

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

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

### Responsibility of the Management and those charged with the governance of the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's responsibility for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered





material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Restriction of use

Without modifying our opinion, we note that this special purpose financial information is prepared for the purposes of providing information to R Systems International Limited to enable it to prepare the consolidated financial statements of the group. As a result, the special purpose financial information is not a complete set of financial statements of IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED. The special purpose financial may be filed with statutory authorities for required compliances. The special purpose financial information also can be used by the auditors of R system International Limited to issue any certificate in this regard.

#### Report on Other Legal and Regulatory Requirements

1. As required by section 143 (3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss, cash flow statement and statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under section 133 of the Act.
  - e. On the basis of written representations received from the directors as on December 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:





- i. The Company did not have any pending litigations which would affect its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any foreseeable losses.
- iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

For and on behalf of  
S. Ravi & Associates  
Chartered Accountants  
FRN : 009261S

  
S Ravi  
Proprietor  
M. No: 204618  
UDIN No: 22204618ACQUDS4796



Place: Chennai  
Date: February 15, 2022

**“Annexure A” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of  
IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED**

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

We have audited the internal financial controls over financial reporting of **IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED** (“the Company”) as of December 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and





dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### **Opinion**

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

For and on behalf of  
**S Ravi & Associates**  
Chartered Accountants  
FRN: 09261S



**S Ravi**  
Proprietor  
M.No: 204618  
UDIN No: 22204618ACQUDS4796



Place: Chennai  
Date: 15-02-2022

**IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED**
**Balance Sheet as at December 31, 2021**
**(Rs. in '000)**

Particulars	Notes	As at December 31, 2021	As at December 31, 2020
<b>ASSETS</b>			
<b>A. Non-current assets</b>			
(a) Property, plant and equipment	3	-	4.65
(b) Deferred tax assets(net)	19	29.61	392.31
(c) Non-current tax assets (net)		180.44	173.94
<b>Total non-current assets (A)</b>		<b>210.05</b>	<b>570.90</b>
<b>B. Current assets</b>			
(a) Financial assets			
(i) Trade receivables	4	202.76	738.48
(ii) Cash and cash equivalents	5	876.23	3,095.27
(iii) Bank balances other than (ii) above	5a	3,500.00	-
(iv) other current financial assets	6	-	150.00
(b) Other current assets	7	76.10	322.38
<b>Total current assets (B)</b>		<b>4,655.09</b>	<b>4,306.13</b>
<b>Total assets (A+B)</b>		<b>4,865.14</b>	<b>4,877.03</b>
<b>EQUITY AND LIABILITIES</b>			
<b>A. Equity</b>			
(a) Equity share capital	8	500.00	500.00
(b) Other equity	9	4,109.16	3,264.21
<b>Total equity (A)</b>		<b>4,609.16</b>	<b>3,764.21</b>
<b>Liabilities</b>			
<b>B. Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	10	-	224.12
(ii) Other financial liabilities	11	35.61	96.98
(b) Provisions	12	220.37	131.72
(c) Other current liabilities	13	-	660.00
<b>Total current liabilities (B)</b>		<b>255.98</b>	<b>1,112.82</b>
<b>Total liabilities (B+C)</b>		<b>255.98</b>	<b>1,112.82</b>
<b>Total equity and liabilities (A+B)</b>		<b>4,865.14</b>	<b>4,877.03</b>

Summary of significant accounting policy 2

 See accompanying notes forming part of the financial statements  
 In terms of our report attached

**For S Ravi & Associates**

Chartered Accountants

FRN : 009261S


**S Ravi**  
 Proprietor  
 M No 204618

**For and on behalf of the Board of Directors of  
 IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED**

**K. Gunalan**  
 Director  
 DIN:02656902


**K. Sornanathan**  
 Director  
 DIN:06954003

Place : Chennai

Date: February 15, 2022



**IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED**

**Statement of Profit and Loss for the year ended December 31, 2021**

(Rs. in '000)

Particulars	Notes	Year ended December 31, 2021	Year ended December 31, 2020
<b>INCOME</b>			
<b>I</b> Revenue from operations	14	1,266.94	8,054.94
<b>II</b> Other income	15	1,723.28	1,844.23
<b>Total income</b>		<b>2,990.22</b>	<b>9,899.17</b>
<b>III EXPENSES</b>			
(i) Third party expenses	16	738.40	4,747.04
(ii) Finance Charges		37.19	230.59
(iii) Employee benefits expense	17	-	(241.96)
(iv) Depreciation	3	4.65	19.80
(v) Other expenses	18	417.92	3,867.79
<b>Total expenses (III)</b>		<b>1,198.16</b>	<b>8,623.26</b>
<b>IV Profit before tax (II-III)</b>		<b>1,792.06</b>	<b>1,275.91</b>
<b>V Tax expense</b>			
(i) Current tax	19	584.41	(335.77)
(ii) Deferred tax (net of MAT credit entitlement)	19	362.70	132.53
<b>Total tax expense</b>		<b>947.11</b>	<b>(203.24)</b>
<b>VI Profit after tax for the period (IV-V)</b>		<b>844.95</b>	<b>1,479.15</b>
<b>VII Total comprehensive (loss) / income for the period</b>		<b>844.95</b>	<b>1,479.15</b>

**Earnings per share (EPS)**

[Nominal value of shares Rs. 10/- each  
(Previous year Rs. 10/- each)]

Basic and diluted (in Rs.) 16.90 29.58

Summary of significant accounting policies 2  
See accompanying notes forming part of the financial statements

In terms of our report attached

**For S Ravi & Associates**

Chartered Accountants

FRN : 009261S

**S Ravi**  
Proprietor  
M No 204618



Place : Chennai  
Date: February 15, 2022

**For and on behalf of the Board of Directors of  
IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED**

*K. Gunalan*  
**K. Gunalan**  
Director  
DIN:02656902

*K. Sornanathan*  
**K. Sornanathan**  
Director  
DIN:06954003

**IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED**  
**Cash flow statement for the year ended December 31, 2021**

Particulars	Notes	(Rs. in '000)	
		Year ended December 31, 2021	Year ended December 31, 2020
<b>A. Cash flow from operating activities</b>			
Net profit / (loss) before tax		1,792.06	1,275.91
<b>Adjustments for:</b>			
Depreciation		4.65	19.80
Unrealised foreign exchange fluctuation		-	38.22
Provision for doubtful debts and advances (net)		1,634.28	1,748.23
<b>Operating profit before working capital changes</b>		<b>3,430.99</b>	<b>3,082.16</b>
<b>Movements in working capital:</b>			
(Increase) / Decrease in trade receivables		(1,098.56)	(1,243.24)
(Increase) / Decrease in unbilled revenue		-	300.10
(Increase) / Decrease in others assets		396.28	852.13
Increase / (Decrease) in Trade and other payable		(884.12)	(1,442.62)
Increase / (Decrease) in other financial liabilities		(61.37)	(2,335.67)
<b>Cash generated from operations</b>		<b>1,783.22</b>	<b>(787.14)</b>
Direct taxes paid, net of refunds		(502.26)	(212.83)
<b>Net cash from operating activities (A)</b>		<b>1,280.96</b>	<b>(999.97)</b>
<b>B. Cash flows from investing activities</b>		-	-
<b>C. Cash flows used in financing activities</b>		-	-
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>		<b>1,280.96</b>	<b>(999.97)</b>
Add: Cash and cash equivalents at the beginning of the year		3,095.27	4,095.24
<b>Cash and cash equivalents at the end of the year (refer note 5)</b>		<b>4,376.23</b>	<b>3,095.27</b>

Summary of significant accounting policies 2.1  
 See accompanying notes forming part of the financial statements  
 In terms of our report attached

**For S Ravi & Associates**

Chartered Accountants  
 FRN : 009261S

**S Ravi**  
 Proprietor  
 M No 204618



Place : Chennai  
 Date: February 15, 2022

**For and on behalf of the Board of Directors of  
 IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED**

  
**K. Gunalan**  
 Director  
 DIN:02656902

  
**K. Sornanathan**  
 Director  
 DIN:06954003



## **1. Nature of operations**

IBIZ Consultancy Services India Private Limited. (the "Company") is a subsidiary of R System International Limited ("RSIL"), a company incorporated in India. The registered office of the Company is located at Flat No-1A/6 G/F Devika Tower, Nehru Place, New Delhi - 110019.

The principal activities of the Company is to provide information technology, consulting and implementing services on enterprise resource planning, customer relationship management, point of sales, mobility, business intelligence and portals.

## **2. Significant Accounting Policies**

### **(a) Compliance with Ind AS**

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules as amended from time to time and other relevant provisions of the Act.

### **(b) Functional and presentation currency**

These finance statement are presented in Indian Rupee (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest thousand, unless otherwise indicated.

### **(c) Basis of preparation and presentation**

The financial statements of the Company have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial instruments 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.

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realization 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.



**(d) Property, Plant and Equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any.

The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended 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.

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.

*Depreciation*

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values using the straight line method ('SLM') over the useful lives of the assets estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets and are in align with Part C of Schedule II of the Companies Act 2013.

The management estimates the useful lives for the property, plant and equipment as follows:

<u>Category</u>	<u>Useful life</u>
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years

**(e) Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**(f) Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.





**BIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED**  
**Notes to Financial Statements for the year ended December 31, 2021**

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Classification of financial assets

- (i) Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):
- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
  - the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- (ii) Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):
- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
  - the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

- (iii) Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other





comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

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

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Company, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

*De-recognition of financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.



Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- (i) For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- (ii) Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- (iii) For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

**(g) Financial liabilities**

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 is recognized as finance costs in the statement of profit and loss.

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

Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all change recognised in the statement of profit and loss.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

The Company also derecognise 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 statement of profit and loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in statement of profit or loss.





**(h) 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 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 fair value and its 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) Leases**

*Where the Company is a lessee*

The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Company changes





its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

**(j) Revenue**

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

*Rendering of services*

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

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

Revenue from fixed-price, fixed-timeframe 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. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

Unbilled revenue for fixed price development contracts is classified as non-financial asset if the contractual right to consideration is dependent on completion of contractual milestones. Unbilled revenue on contracts other than above is classified as a financial asset.

In arrangements for software development and related services, the Company has applied the guidance in Ind AS 115, 'Revenue from Contract with Customers', by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering these services as distinct performance obligations. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the company is unable to determine the standalone selling price, the company uses the expected cost plus margin approach in estimating the standalone selling price. The performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

The company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discounts/ incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. 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.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

#### *Sale of products*

Revenue from the sale of product (software and hardware) is recognised when the significant risks and rewards associated with the ownership is transferred to the buyer.

Revenue from maintenance/subscription services is recognized over the term of subscription period.

### **(k) Foreign currency transactions and balances**

Foreign currency transactions are recorded in the functional currency of the Company, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

#### **Conversion**

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non- monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined.

#### **Exchange differences**

Exchange differences arising on conversion / settlement of foreign currency monetary items and on foreign currency liabilities relating to Property, Plant and Equipment acquisition are recognized as income or expenses in the year in which they arise.

### **(l) Employee benefits**

#### Provident Fund

The Company's contribution to provident fund and other social security plans are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

#### Short term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service.





Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

The Company presents provision for employees benefit expense 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.

**(m) 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 Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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 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.

Minimum alternate tax (MAT) paid in a 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.

**(n) Segment reporting**

The Company provides information technology, consulting and implementing services for customers primarily in India and South East Asia. The Board of Directors of the Company evaluates the Company's performance as a single unit. Therefore, there is no reportable segment for the Company.

**(o) Earnings per share (EPS)**

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting 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 year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.





**(p) 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.

**(q) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events 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.

**(r) Cash and cash equivalents**

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

**(s) Use of estimates and judgement**

The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of year. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**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.

**ii. Income taxes**

The Company's major tax jurisdictions is India, though the Company also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes. The Company reviews carrying amount of deferred tax assets at the end of each reporting period.



**IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED****Statement of changes in equity for the year ended December 31, 2021****Particulars****a. Equity share capital****(Rs. in '000)****Balance at January 01, 2020****500.00**

Shares issued

-

**Balance at December 31, 2020****500.00**

Shares issued

-

**Balance at December 31, 2021****500.00****b. Other equity****(Rs. in '000)**

Particular	Retained earnings	Total other equity
<b>Balance at January 01, 2020</b>	<b>1,785.06</b>	<b>1,785.06</b>
Profit for the year	1,479.15	1,479.15
<b>Balance at December 31, 2020</b>	<b>3,264.21</b>	<b>3,264.21</b>
Profit for the year	844.95	844.95
<b>Balance at December 30, 2021</b>	<b>4,109.16</b>	<b>4,109.16</b>

See accompanying notes forming part of the financial statements

In terms of our report attached.

**For S Ravi & Associates**

Chartered Accountants

FRN : 009261S

**S Ravi**

Proprietor

M No 204618

**For and on behalf of the Board of Directors of****IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED****K. Gunalan**

Director

DIN:02656902

**K. Sornanathan**

Director

DIN:06954003

Place : Chennai

Date: February 15, 2022

## 3. Property, plant and equipment

(Rs. in '000)

Particulars	Computers & Peripheral	Furniture & Fittings	Total
<b>Gross Block</b>			
<b>As at January 01, 2020</b>	<b>6,980.37</b>	<b>54.41</b>	<b>7,034.78</b>
Additions	-	-	-
Disposals	-	-	-
<b>As at December 31, 2020</b>	<b>6,980.37</b>	<b>54.41</b>	<b>7,034.78</b>
Additions	-	-	-
Disposals	-	-	-
<b>As at December 31, 2021</b>	<b>6,980.37</b>	<b>54.41</b>	<b>7,034.78</b>
<b>Accumulated Depreciation</b>			
<b>As at January 01, 2020</b>	<b>6,956.15</b>	<b>54.18</b>	<b>7,010.33</b>
Additions	19.57	0.23	19.80
Disposals	-	-	-
<b>As at December 31, 2020</b>	<b>6,975.72</b>	<b>54.41</b>	<b>7,030.13</b>
Additions	4.65	-	4.65
Disposals	-	-	-
<b>As at December 31, 2021</b>	<b>6,980.37</b>	<b>54.41</b>	<b>7,034.78</b>
<b>Carrying amount</b>			
<b>As at December 31, 2020</b>	<b>4.65</b>	<b>-</b>	<b>4.65</b>
<b>As at December 31, 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>





**IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED**
**Note 5 to financial statements for the year ended December 31, 2021**
**(Rs. in '000)**

Particulars	As at December 31, 2021	As at December 31, 2020
<b>4. Trade receivables</b>		
Unsecured, considered good	202.76	738.48
Credit impaired	-	1,409.61
	<b>202.76</b>	<b>2,148.09</b>
Less: Allowance for doubtful debts (expected credit loss allowance)	-	1,409.61
	<b>202.76</b>	<b>738.48</b>
Also refer Note 24 for related party balances.		
In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss towards expected risk of delays and default in collection.		
The Company uses judgements in making certain assumptions and selecting inputs to determine impairment of these trade receivables, based on the Company's historical experience towards potential billing adjustments, delays and defaults at the end of each reporting period. The provision matrix used to compute the expected credit loss allowance for different categories of trade receivables is as follows.		
<b>Ageing</b>	<b>Default rate *</b>	
Not due	0.03%	
0-90 days	0.04%	
90-180 days	0.11%	
More than 180 days	2.00%	
* In case of probability of non-collection, default rate is 100%		
<b>Movement in expected credit loss allowance</b>		
Balance at the beginning of the year	1,754.57	1,540.19
Movement in the expected credit loss allowance on trade receivables	(1,754.57)	214.38
<b>Balance at the end of the year</b>	<b>-</b>	<b>1,754.57</b>
<b>5. Cash and cash equivalents</b>		
For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the Ind AS statement of cash flows can be reconciled to the related items in the Ind AS balance sheet as follows:		
(a) Cash on hand	0.37	0.37
(b) Balances with banks		
(i) in current accounts	875.86	3,094.90
	<b>876.23</b>	<b>3,095.27</b>
<b>5a. Other bank balances</b>		
(a) In deposit accounts		
(i) original maturity more than 3 months but less than 12 months	3,500.00	-
	<b>3,500.00</b>	<b>-</b>
<b>6. Other current financial assets</b>		
Security deposits	-	150.00
	<b>-</b>	<b>150.00</b>
<b>7. Other current assets</b>		
Balances with government authorities	76.10	322.38
	<b>76.10</b>	<b>322.38</b>



**IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED**  
**Notes to financial statements for the year ended December 31, 2021**

Particulars	(Rs. in '000)	
	As at December 31, 2021	As at December 31, 2020
<b>8. Share capital</b>		
<b>Authorised</b>		
50000 (previous year : 50000) equity shares of Rs.10 each	500.00	500.00
	<b>500.00</b>	<b>500.00</b>
<b>Issued, subscribed and fully paid up</b>		
50000 (previous year : 50000) equity shares of Rs.10 each	500.00	500.00
	<b>500.00</b>	<b>500.00</b>

**Notes:**

(a) Reconciliation of number of shares and amount of share capital outstanding at the beginning and at the closing of the year:

Particulars	Year ended December 31, 2021		Year ended December 31, 2020	
	Number	Amount (Rs. in '000)	Number	Amount (Rs. in '000)
At the beginning of the year	50,000	500	50,000	500
<b>Outstanding at the closing of the year</b>	<b>50,000</b>	<b>500</b>	<b>50,000</b>	<b>500</b>

**(b) Terms/rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

**(c) Shares held by holding company and fellow subsidiary**

Name of shareholder	As at December 31, 2021		As at December 31, 2020	
	Number	Amount (Rs. in '000)	Number	Amount (Rs. in '000)
R Systems International Limited	50000	500.00	50,000.00	500.00

**(d) Details of shareholders holding more than 5% shares in the Company**

Name of shareholder	As at December 31, 2021		As at December 31, 2020	
	No. of shares	% of Holding	No. of shares held	% of Holding
R Systems International Limited	50000	100.000%	50000	100.000%





**IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED**

Notes to financial statements for the year ended December 31, 2021

Particulars	(Rs. in '000)	
	As at December 31, 2021	As at December 31, 2020
<b>9. Other equity</b>		
<b>Surplus in the Statement of Profit and Loss</b>	<b>4,109.16</b>	<b>3,264.21</b>
Surplus in the statement of profit and loss represents profits while deficits represents losses incurred by the Company in previous years		
<b>10. Trade payables</b>		
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	-	224.12
	<b>-</b>	<b>224.12</b>
<b>11. Other current financial liabilities</b>		
Other financial liabilities	35.61	96.98
	<b>35.61</b>	<b>96.98</b>
<b>12. Provisions</b>		
Provision for tax	220.37	131.72
	<b>220.37</b>	<b>131.72</b>
<b>13. Other current liabilities</b>		
Statutory dues payable		
TDS Payable	-	13.36
Unearned revenue	-	440.14
Advance received from cutomers	-	206.50
	<b>-</b>	<b>660.00</b>



**IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED****Notes to financial statements for the year ended December 31, 2021**

Particulars	Year ended December 31, 2021	Year ended December 31, 2020
<b>14. Revenue from operations</b>		
Software development service and sale		
- Export	25.60	2,079.26
- Domestic	1,241.34	5,975.68
	<b>1,266.94</b>	<b>8,054.94</b>

**Disaggregation of revenue**

The table below presents disaggregated revenues from the Company's contracts with customers by geography. The Company believes this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.

*Revenue by geography:*

India	1,241.34	5,975.68
South East Asia	-	105.40
Others	25.60	1,973.86

**Trade Receivables and Contract Balances:**

The company classifies the right to consideration in exchange for deliverables as either receivable or as unbilled revenue.

A receivable is right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognised as related service are performed. Revenue for fixed price maintenance contracts is recognised on a straight line basis over the period of contract. Revenue in excess of billing is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to clients is based on milestones as defined in then contract. This would result in timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial assets as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings is classified as unearned revenue.

Trade receivables and unbilled revenues are presented net of impairment in Balance Sheet.

**Performance obligations and remaining performance obligations**

The remaining performance obligation disclosures provide the aggregate amount of transaction price yet to be recognized as of the end of the reporting period and an explanation as to when company expects to recognize these amounts as revenue. Applying the practical expedients as given in INDAS 115, the company has not disclosed the remaining performance obligations related disclosures where the revenue recognized corresponds directly with the value to customer of the entity's performance completed to date, typically those contracts where invoicing is on the basis of time and material basis. Remaining performance obligation are subject to change and are affected by several factors, including terminations , changes in the scope of contracts, periodic revalidations, adjustment of revenue that has not materialized and adjustments for currency.

Disclosure relating to remaining performance obligation relating to fixed bid price contracts require the aggregate amounts of transaction price yet to be recognized as revenue at the reporting date and expected timelines to recognize these amounts. In view of the fact that all outstanding contracts have an original expected duration for completion of less than a year no disclosure is warranted.





**IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED****Notes to financial statements for the year ended December 31, 2021**

<b>Particulars</b>	<b>Year ended December 31, 2021</b>	<b>Year ended December 31, 2020</b>
<b>15. Other income</b>		
Interest on income tax refund	-	96.00
interest on Deposits	40.57	-
Foreign exchange fluctuation Gain (net)	48.44	-
Bad Debts Provision / 'Advances written back	1,634.28	1,748.23
	<b>1,723.28</b>	<b>1,844.23</b>
<b>16. Third party expenses</b>		
Purchase of Licenses for resale	738.40	3,499.64
IT services received	-	1,247.40
	<b>738.40</b>	<b>4,747.04</b>
<b>17. Employee benefits expense</b>		
Salaries, wages and bonus	-	(256.89)
Contribution to provident and other funds	-	4.93
Staff welfare expenses	-	10.00
	-	<b>(241.96)</b>
<b>18. Other expenses</b>		
Rent	-	440.85
Power and fuel	19.33	90.31
Communication costs	29.69	21.93
Insurance	-	12.52
Printing and stationery	3.00	0.72
Traveling and conveyance	-	100.61
Legal and professional fees	106.58	292.71
Repair and maintenance - others	68.50	62.37
Foreign exchange fluctuation loss (net)	-	38.22
Bad debts written off	-	2,535.55
Auditors' remuneration (refer detail below)	85.00	165.00
Bank charges	0.30	9.73
Rates and taxes	-	97.22
Miscellaneous expenses	105.52	0.05
	<b>417.92</b>	<b>3,867.79</b>
<b>Auditors' remuneration</b>		
Statutory and tax audit fee	85.00	165.00
	<b>85.00</b>	<b>165.00</b>



**IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED**  
**Notes to financial statements for the year ended December 31, 2021**

Particulars	(Rs. in '000)	
	Year ended December 31, 2021	Year ended December 31, 2020

<b>19 Income tax and deferred tax</b>		
<b>Current income tax</b>		
In respect of the current year	584.41	(335.77)
<b>Deferred tax</b>		
In respect of the current year	362.70	132.53
<b>Income tax expense recognised in the statement of profit and loss</b>	<b>947.11</b>	<b>(203.24)</b>

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

Profit before tax	1,792.06	1,275.91
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	451.06	321.15

**Effect of:**

Expenses / (incomes) that are not deductible in determining taxable profit	-	(439.99)
Prior year expenses	505.35	-
Others	(9.30)	(84.40)
<b>Income tax expense recognised in the statement of profit and loss</b>	<b>947.11</b>	<b>(203.24)</b>

**Deferred tax**

**Deferred tax assets/ (liabilities) as at December 31, 2021 in relation to:**

Particulars	As at December 31, 2020	Recognised in profit and loss	Other adjustment	As at December 31, 2021
Property, plant and equipment	37.54	(7.93)	-	29.61
Provision for doubtful debts	354.77	(354.77)	-	-
<b>Total</b>	<b>392.31</b>	<b>(362.70)</b>	<b>-</b>	<b>29.61</b>

**Deferred tax assets/ (liabilities) as at December 31, 2020 in relation to:**

Particulars	As at January 01, 2020	Recognised in profit and loss	Other adjustment	As at December 31, 2020
Property, plant and equipment	42.29	(4.75)	-	37.54
Provision for compensated absence	5.17	(5.17)	-	-
Provision for gratuity	75.94	(75.94)	-	-
Provision for doubtful debts	401.44	(46.67)	-	354.77
<b>Total</b>	<b>524.84</b>	<b>(132.53)</b>	<b>-</b>	<b>392.31</b>





**IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED**  
**Notes to financial statements for the year ended December 31, 2021**

**20 Financial instruments**

The carrying values and fair values of financial instruments by categories are as follows:

Particulars	Basis of measurement		As at		As at	
	December 31, 2021		December 31, 2020			
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
<b>Assets</b>						
Trade receivables	202.76	202.76	738.48	738.48		
Cash and cash equivalents	876.23	876.23	3,095.27	3,095.27		
Other bank balances	3,500.00	3,500.00	-	-		
<b>Total</b>	<b>4,578.99</b>	<b>4,578.99</b>	<b>3,833.75</b>	<b>3,833.75</b>		
<b>Liabilities</b>						
Trade payables	-	-	224.12	224.12		
Other financial liabilities	35.61	35.61	96.98	96.98		
<b>Total</b>	<b>35.61</b>	<b>35.61</b>	<b>321.10</b>	<b>321.10</b>		

**Fair value hierarchy:**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs are 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 are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There have been no transfers among Level 1, Level 2 and Level 3 during the year.



**21 Financial risk management****Financial risk factors and risk management objectives**

The Company's activities expose it to foreign currency risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

**Foreign currency risk**

The Company operates globally with its operations spread across various geographies and consequently the Company is exposed to foreign exchange risk.

The following table analyses Company's foreign currency exposure from non-derivative financial instruments as of December 31, 2020 and December 31, 2019:

(Rs. in '000)

<b>As at December 31, 2021</b>	<b>SGD</b>	<b>Total</b>
Trade receivables	88.26	88.26
<b>As at December 31, 2020</b>	<b>SGD</b>	<b>Total</b>
Trade receivables	265.25	265.25

**Foreign currency sensitivity analysis**

For the year ended December 31, 2021 and December 31, 2020, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies, would affect the Company's profit before tax margin (PBT) by approximately 0.05% and 0.17% respectively.

**Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk arises from deposits held with banks, investments with financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

*Trade and other receivables*

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of revenues generated from top customer and top 5 customers:

(Rs. in '000)

<b>Particulars</b>	<b>For the year ended</b>	
	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Revenue from top customer	411.60	1,811.84
Revenue from top 5 customer	1,276.95	5,140.84

Five customer accounted for more than 10% of the revenue for the year ended December 31, 2021 and two customers accounted for more than 10% of the trade receivables as on December 31, 2021. Two customer accounted for more than 10% of the revenue for the year ended December 31, 2020 and three customers accounted for more than 10% of the trade receivables as at December 31, 2020.

**Liquidity risk**

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements.

As at December 31, 2021, the Company had a working capital of Rs. 4,543.39 ('000) including cash and bank balance of Rs. 4,376.23 ('000). As at December 31, 2019, the Company had a working capital of Rs. 3,512.64 ('000) including cash and cash equivalents of Rs. 3,095.27 ('000). Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities:

(Rs. in '000)

<b>Particulars</b>	<b>As at December 31, 2021</b>	<b>As at December 31, 2020</b>
<b>Less than 1 year</b>		
Trade payables	-	224.12
Other financial liabilities	35.61	96.98





**ILZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED****Notes to financial statements for the year ended December 31, 2021****22 Capital Management**

For the purpose of the Company's capital management, capital includes issued equity share capital. The Company is a 100% subsidiary of RSIL and the primary objective of the Company's capital management is to maximise the return to the shareholder.

The The Company is equity financed as evident from following capital structure:

<b>Particulars</b>	<b>As at December 31, 2021</b>	<b>As at December 31, 2020</b>
Total equity attributable to the equity share holders of the Company	4,609.16	3,764.21
As percentage of total capital	100.00%	100.00%
Total capital (equity and borrowings)	4,609.16	3,764.21



IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED  
PLOT NO. NP 1 AND 2, INDUSTRIAL ESTATE  
SIDCO INDUSTRIAL ESTATE  
GUINDY, CHENNAI - 600 032

Schedule for Deferred Tax for the year ended 31.12.21

Income Tax Rate	22.00%
Sur Charge	2.20%
Education cess @ 4%	0.97%
<b>TOTAL</b>	<b>25.17%</b>

Asset/(Liability) to be recorded in the General Reserve Opening Balance

Asset/(Liability) to be recorded through Current year P & L account

<b>1</b>	<b>On account of Depreciation</b>		
	WDV as per Income Tax Act for the FY 2020-21	1,17,650.83	
	WDV as per Companies Act for the FY 2020-21	2.00	
	Timing Difference on account of Depreciation/ DTA	<b>1,17,648.83</b>	29,610
<b>2</b>	<b><u>Allowance On account of Remittance of Duties u/s 43B</u></b>		
	Allowance u/s 43B	-	-
<b>3</b>	<b><u>On account of Disallowance of Gratuity, Bonus &amp; Leave u/s 43B</u></b>		
	Gratuity Provision	-	
	Leave Encashment Provision	-	
	Provision for bad debts	-	
	<b>Total Deferred Tax Assets Component</b>	-	-
<b>4</b>	<b><u>On account of reversal Eligible IT loss</u></b>		
	Eligible loss for income tax purpose	-	
	Timing Difference on account of Eligible Loss/ DTA reversal	-	-
	<b>Net Deferred Tax ( liability) / Asset</b>		<b>29,610</b>



**IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED**

Notes to Financial Statements for the year ended December 31, 2021

**23. Related Party Disclosures**

(i) Names of related parties:

Holding company	R Systems International Limited
Fellow subsidiaries	<ul style="list-style-type: none"> <li>• R Systems (Singapore) Pte Ltd, Singapore</li> <li>• R Systems, Inc., USA</li> <li>• R Systems Technologies Limited, USA</li> <li>• R Systems Consulting Services Limited, Singapore (formerly known as ECnet Ltd, Singapore)</li> <li>• R Systems Computaris International Limited, UK (formerly known as Computaris International Limited, UK)</li> <li>• RSYS Technologies Limited, Canada</li> </ul> <p><b>Following is the subsidiary of R Systems, Inc., USA:</b></p> <ul style="list-style-type: none"> <li>- Innovizant LLC, USA (merged with R Systems, Inc. w.e.f. August 31, 2021)</li> </ul> <p><b>Following are the subsidiaries of R Systems Consulting Services Ltd, Singapore:</b></p> <ul style="list-style-type: none"> <li>- R Systems Consulting Services (M) Sdn. Bhd. Malaysia (formerly known as ECnet (M) Sdn. Bhd. Malaysia)</li> <li>- R Systems Consulting Services (Thailand) Co. Ltd., Thailand (formerly known as ECnet Systems (Thailand) Co. Ltd., Thailand)</li> <li>- R Systems Consulting Services (Shanghai) Co., Ltd., People's Republic of China (formerly known as ECnet (Shanghai) Co. Ltd.)</li> <li>- R Systems Consulting Services (Hong Kong) Limited, Hong Kong (formerly known as ECnet (Hong Kong) Ltd., Hong Kong)</li> <li>- R Systems Consulting Services Kabushiki Kaisha, Japan (formerly known as ECnet Kabushiki Kaisha, Japan)</li> </ul> <p><b>Following are the subsidiaries of R Systems Computaris International Limited, UK:</b></p> <ul style="list-style-type: none"> <li>- R Systems Computaris Europe SRL, Romania (formerly known as Computaris Romania Srl, Romania)</li> <li>- R Systems Computaris Poland sp z o.o, poland (formerly known as Computaris Polska sp z o.o., Poland)</li> <li>- R Systems Computaris SRL, Maldova (formerly known as ICS Computaris International Srl, Moldova)</li> <li>- R Systems Computaris Malaysia Sdn. Bhd., Malaysia (formerly known as Computaris Malaysia Sdn. Bhd., Malaysia)</li> <li>- R Systems Computaris Philippines Pte. Ltd. Inc. (formerly known as Computaris Philippines Pte. Ltd. Inc., Phillippines)</li> <li>- R Systems Computaris Switzerland LLC (formerly known as Computaris Suisse Sarl, Switzerland)</li> </ul> <p><b>Following are the subsidiaries of R Systems (Singapore) Pte Ltd, Singapore:</b></p> <ul style="list-style-type: none"> <li>- R Systems IBIZCS Pte. Ltd., Singapore (formerly known as IBIZ Consulting Pte. Ltd., Singapore) with the following step down subsidiaries: <ul style="list-style-type: none"> <li>➤ IBIZ Consulting Services Pte Ltd, Singapore</li> <li>➤ R Systems IBIZCS SDN.BHD., Malaysia (formerly known as IBIZ Consulting Services Sdn. Bhd., Malaysia)</li> <li>➤ PT. RSYSTEMS IBIZCS International, Indonesia (formerly known as PT. IBIZCS Indonesia, Indonesia)</li> <li>➤ IBIZ Consulting (Thailand) Co. Ltd, Thailand</li> <li>➤ IBIZ Consulting Services Limited, Hong Kong (IBIZ HK)</li> </ul> </li> </ul>





**IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED**  
**Notes to Financial Statements for the year ended December 31, 2021**

	<ul style="list-style-type: none"> <li>o IBIZ Consulting Services (Shanghai) Co., Ltd, People's Republic of China (wholly owned subsidiary of IBIZ HK)</li> </ul>
Key management personnel	K Gunalan, Non-Executive Director K Sornanathan, Non-Executive Director (Whole-time director March 31, 2020)

- (ii) Details of transactions with related parties for the year ended December 31, 2021 and December 31, 2020:

(Rs. in '000)

	Year ended December 31,	
	2021	2020
<b>Revenue from services rendered to</b>		
R Systems IBIZCS Pte. Ltd., Singapore	-	105.40
<b>Total</b>	-	<b>105.40</b>
<b>Purchase of license for resale</b>		
R Systems International Limited, India	-	39.82
<b>Total</b>	-	<b>39.82</b>
<b>IT services received</b>		
R Systems International Limited, India	-	1,247.40
<b>Total</b>	-	<b>1,247.40</b>
<b>Director Remuneration</b>		
K Sornanathan	-	747.00
<b>Total</b>	-	<b>747.00</b>

- (iii) Outstanding balances of related parties as at December 31, 2021 and December 31, 2020:

(Rs. in '000)

Balance outstanding	As at December 31,	
	2021	2020
<b>Receivables</b>		
R Systems IBIZCS Pte. Ltd., Singapore	-	176.83
PT. RSYSTEMS IBIZCS International, Indonesia	88.26	88.42
<b>Total</b>	<b>88.26</b>	<b>265.25</b>
<b>Payables</b>		
R Systems International Limited	-	196.91
<b>Total</b>	-	<b>196.91</b>



**TBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED**  
**Notes to Financial Statements for the year ended December 31, 2021**

**24. Leases**

**Operating Lease - Company as lessee**

The Company has operating lease for office premises. The future minimum rentals payable under non-cancellable operating leases period as at year-end are as follows:

	(Rs. in '000)	
	Year ended December 31,	
	2021	2020
Lease payments for the year	-	440.85
Non-cancellable operating lease obligation:		
Not later than one year	-	-
Later than one year but not later than five years	-	-
Later than five years	-	-

- 25.** During the year ended December 31, 2006, Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay interest to micro and small enterprises on overdue beyond the specified period irrespective of the terms agreed with the suppliers. For the purpose of identification of such suppliers, the Company has sent confirmations to all its suppliers. Based upon the confirmations received so far and the supplier profile available with the Company, the management believes that there are no dues to such suppliers.

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	As at December 31,	
	2021	2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil



**IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED**  
**Notes to Financial Statements for the year ended December 31, 2021**

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26. The financial statements have been approved by the Board of Directors at its meeting held on February 15, 2022.

As per our report of even date.

**For S Ravi & Associates**  
Chartered Accountants

  


**S Ravi**  
Proprietor  
M. No. 204618

Place: Chennai  
Date: February 15, 2022

**For and on behalf of the Board of Directors of**  
**IBIZ CONSULTANCY SERVICES INDIA PRIVATE LIMITED**



**K Gunalan**  
Director  
DIN: 02656902



**K Sornanathan**  
Director  
DIN: 06954003