

B S R & Co. LLP

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of Targetone Innovations Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Targetone Innovations Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss, and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and loss and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Emphasis of matter

We draw attention to Note 39 in the financial statements, which describes the economic and social consequences the entity is facing as a result of COVID-19 which is impacting supply chains /consumer demand/ commodity prices. Our opinion is not modified in respect of this matter.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Board of Director's report, but does not include the financial statements and our auditors' 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 in the audit or otherwise appears to be materially misstated.

The Board Report is not made available to us at the date of this audit report. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are 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 state of affairs, profit/loss and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of 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 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, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 auditors' 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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 auditors' 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.

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.

Other Matter

The financial statements of the Company for the year ended 31 March 2020 were audited by the predecessor auditor, who expressed a modified opinion on those financial statements on 27 May 2021. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) 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 purposes 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, and Statement of Cash Flows dealt with by this Report are in agreement with the books of account
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act.

- e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- f) The Company is exempted from requirement of its auditor reporting on whether the Company has adequate internal financial control system in place and the operating effectiveness of such controls (clause (i) of section 143(3) of the Act).
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amount which were required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

The Company is a private limited company and accordingly the requirements as stipulated by the provision of section 197(16) of the Act are not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
Firm registration no: 101248W/W-100022

VARUN
KUMAR TYAGI

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Varun Kumar Tyagi
Partner
Membership No.: 518152
UDIN: 21518152AAAAAI4821

Place: Gurugram
Date: 23 October 2021

Annexure A referred in the Independent Auditor's Report to the members of Targetone Innovations Private Limited on the financial statements for the year ended 31 March 2021

We report that:

- (i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, plant and equipment).
- (b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, during the year the Company has physically verified all its fixed assets and no material discrepancies were noticed on such physical verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the books of the Company, the Company does not own any immovable property. Accordingly, paragraph 3(i) (c) of the Order is not applicable to the Company.
- (ii) According to the information and explanations given to us, the Company purchases inventory only for immediate sale, hence, the Company has not held any inventory during the year and also does not hold any inventory as at 31 March 2021. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans or made any investments, or provided any guarantee, or security as specified under section 185 and 186 of the Company Act 2013. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for any of the services rendered by the Company. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, goods and service tax, cess and other statutory dues have not been regularly deposited during the year by the Company with the appropriate authorities and there have been significant delays. As explained to us, the Company

did not have any dues on account of duty of customs, duty of excise, sales tax, employee state insurance, service tax and value added tax.

The extent of the arrears of statutory dues outstanding as at 31 March 2021, for a period of more than six months from the date they became payable are as follows:

| Name of Statute | Nature of the dues | Amount* (Rs.) | Period to which the amount relates | Due Date | Date of Payment |
|----------------------|------------------------|---------------|------------------------------------|--------------------|------------------------|
| Income Tax Act, 1961 | Tax Deducted at source | 4,626,919 | April 2020 to August 2020 | Multiple due dates | Multiple payment dates |

*excludes interest on delayed payments.

- (b) According to the information and explanations given to us, there are no dues of income tax, duty of customs, duty of excise, sales tax, value added tax, service tax and goods and service tax which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks during the year. Further, the company did not have any loans or borrowings from government, financial institution or debenture holder during the year.
- (ix) According to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The Company has not taken any term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit for the year.
- (xi) The Company is a private limited company and accordingly, the requirements as stipulated by the provisions of section 197 read with Schedule V to the Act are not applicable to the Company. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to information and explanations given to us, transactions with the related parties are in compliance with section 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements, as required by the applicable accounting standards. The Company is a private limited company and accordingly, the requirements as stipulated by the provision of section 177 of the Act are not applicable to the Company.

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- (xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No.: 101248W/ W-100022

VARUN

KUMAR TYAGI

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Varun Kumar Tyagi

Partner

Membership No.: 518152

ICAI UDIN: 21518152AAAAAI4821

Place: Gurugram

Date: 23 October 2021

Targetone Innovations Private Limited
Balance Sheet as at 31 March 2021
(All amounts are in Indian Rupees, unless otherwise stated)

| | Notes | As at 31 March 2021 | As at 31 March 2020 |
|--|-------|---------------------------|-----------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholder's funds | | | |
| Share capital | 3 | 1,978,240 | 1,978,240 |
| Reserves and surplus | 4 | 493,926,873 | 768,362,663 |
| Money received against share warrants | 3 | 4,875,000 | 4,875,000 |
| | | <u>500,780,113</u> | <u>775,215,903</u> |
| Non-current liabilities | | | |
| Other long-term liabilities | 5 | - | 5,721,125 |
| Long-term provisions | 6 | 15,876,881 | 81,018,420 |
| | | <u>15,876,881</u> | <u>86,739,545</u> |
| Current liabilities | | | |
| Short-term borrowings | 7 | 202,270,293 | 93,177,600 |
| Trade payables | 8 | - | - |
| - total outstanding dues of micro enterprises and small enterprises | | 6,708,997 | 872,846 |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | | 169,257,273 | 62,949,677 |
| Other current liabilities | 9 | 81,025,088 | 44,565,737 |
| Short-term provisions | 6 | 12,468 | 17,118,874 |
| | | <u>459,274,119</u> | <u>218,684,734</u> |
| Total | | <u>975,931,113</u> | <u>1,080,640,182</u> |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 1,195,897 | 1,919,151 |
| Intangible assets | 11 | 349,280 | 575,421 |
| Non-current investments | 12 | - | - |
| Deferred tax assets (net) | 37 | - | - |
| Long-term loans and advances | 13 | 9,504,121 | 35,091,132 |
| Other non-current assets | 14 | 97,286,078 | 3,341,263 |
| | | <u>108,335,376</u> | <u>40,926,967</u> |
| Current assets | | | |
| Current investments | 15 | 106,028,362 | 716,049,911 |
| Inventories | 16 | - | 2,049,071 |
| Trade receivables | 17 | 225,726,525 | 52,921,032 |
| Cash and bank balances | 18 | 136,227,348 | 125,855,956 |
| Short-term loans and advances | 19 | 398,091,876 | 141,779,280 |
| Other current assets | 20 | 1,521,626 | 1,057,965 |
| | | <u>867,595,737</u> | <u>1,039,713,215</u> |
| Total | | <u>975,931,113</u> | <u>1,080,640,182</u> |
| Significant accounting policies | 2 | | |

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For BSR & Co. LLP
Chartered Accountants
Firm registration no: 101248W/W-100022

VARUN KUMAR TYAGI
Digitally signed by VARUN KUMAR TYAGI
DN: cn=VARUN KUMAR TYAGI, o=BSR & Co. LLP

Varun Kumar Tyagi
Partner
Membership No: 518152

Place: Gurugram
Date: 23 October 2021

For and on behalf of the Board of Directors of
Targetone Innovations Private Limited

KUSHAL SHAILESH KARWA
Digitally signed by KUSHAL SHAILESH KARWA
DN: cn=KUSHAL SHAILESH KARWA, o=Targetone Innovations Private Limited

Kushal Shailesh Karwa
Director
DIN: 07188125

Place: Gurugram
Date: 23 October 2021

AMIT BHASIN
Digitally signed by AMIT BHASIN
DN: cn=AMIT BHASIN, o=Targetone Innovations Private Limited

Amit Bhasin
Director
DIN: 07188078

Place: Gurugram
Date: 23 October 2021

Targetone Innovations Private Limited
Statement of Profit and Loss for the year ended 31 March 2021
(All amounts are in Indian Rupees, unless otherwise stated)

| | Notes | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------|-------------------------------------|-------------------------------------|
| Revenue from operations | 21 | 341,711,535 | 240,416,190 |
| Other income | 22 | 130,577,103 | 11,595,710 |
| Total revenue | | 472,288,638 | 252,011,900 |
| Expenses | | | |
| Purchases of goods and services | 23 | 104,101,785 | 163,491,216 |
| Changes in inventory of stock-in-trade | 24 | 2,049,071 | 1,200,492 |
| Employee benefits | 25 | 308,341,012 | 298,755,636 |
| Finance costs | 26 | 14,289,840 | 3,189,122 |
| Depreciation and amortisation | 27 | 1,556,214 | 1,226,842 |
| Other expenses | 28 | 315,278,574 | 352,734,243 |
| Total expenses | | 745,816,296 | 820,597,551 |
| Loss before prior period items and tax | | (273,527,658) | (568,585,651) |
| Prior period items | 35 | (908,132) | (16,677,030) |
| Loss before tax | | (274,435,790) | (585,262,681) |
| Tax expense: | | | |
| -Deferred tax | 37 | - | (31,939) |
| | | | (31,939) |
| Loss for the year | | (274,435,790) | (585,230,741) |
| Loss per share: [nominal value per share: Rs.10 (previous year Rs.10)] | 29 | | |
| Basic | | (27,263.64) | (58,353.75) |
| Diluted | | (27,263.64) | (58,353.75) |

Significant accounting policies

2

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration no: 101248W/W-100022

VARUN KUMAR TYAGI
Partner
Date: 23 October 2021

Varun Kumar Tyagi
Partner
Membership No: 518152

Place: Gurugram
Date: 23 October 2021

For and on behalf of the Board of Directors of
Targetone Innovations Private Limited

KUSHAL SHAIKESH KARWA
Director
Date: 23 October 2021

Kushal Shailesh Karwa
Director
DIN: 07188125

Place: Gurugram
Date: 23 October 2021

AMIT BHASIN
Director
Date: 23 October 2021

Amit Bhasin
Director
DIN: 07188078

Place: Gurugram
Date: 23 October 2021

Targetone Innovations Private Limited
Statement of Cash Flows for the year ended 31 March 2021
(All amounts are in Indian Rupees, unless otherwise stated)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Cash flow from operating activities | | |
| Net loss before tax | (274,435,790) | (585,262,681) |
| Adjustments for: | | |
| Depreciation and amortisation | 1,556,214 | 1,226,842 |
| Interest expense on short-term borrowings | 9,796,957 | 3,169,122 |
| Provision for diminution in investments written back | (250,000) | 250,000 |
| Provision for doubtful debts and advances | 10,407,156 | 82,713,744 |
| Profit on sale of investments | (15,336,248) | (5,794,188) |
| Interest income on bank deposits | (19,820,343) | (5,317,451) |
| Provision for gratuity written back | (65,136,702) | - |
| Provision no longer required written back | (11,025,658) | - |
| Provision for warranty no longer required written back | (17,111,243) | - |
| Accrued interest written off (Prior period item [Refer note 32]) | - | 360,442 |
| Employee stock option scheme (Prior period item [Refer note 32]) | - | (666,710) |
| Operating loss before working capital changes | (381,355,658) | (509,320,880) |
| Changes in working capital: | | |
| Increase in provisions | - | 98,137,294 |
| Increase in trade payables | 106,422,622 | 55,591,280 |
| Increase in other current liabilities | 40,836,966 | 43,931,393 |
| Decrease in inventories | 2,049,071 | 1,593,229 |
| Increase in trade receivables | (177,941,963) | (89,369,717) |
| Increase in loans and advances | (230,222,208) | (183,394,255) |
| Increase in other assets | (521,917) | 19,274,675 |
| Cash used in operations | (640,733,087) | (565,156,981) |
| Add: Income tax refund (net of payments) | 373,487 | - |
| Net cash used in operating activities (A) | (640,359,600) | (565,156,981) |
| Cash flow from investing activities | | |
| Purchase of property, plant and equipment | (606,819) | (2,314,800) |
| Interest received on bank deposits | 19,400,631 | 5,905,323 |
| Proceeds from redemption of bank deposits | 492,718,148 | - |
| Investment in bank deposits | (618,800,000) | - |
| Purchase of investments | (4,000,000) | (1,297,017,768) |
| Proceeds from sale of investments | 629,607,798 | 735,385,234 |
| Net cash generated from/(used in) investing activities | 518,319,778 | (560,041,991) |
| C. Cash flow from financing activities | | |
| Proceeds from short-term borrowings | 109,092,693 | 92,977,600 |
| Interest paid on short-term borrowings | (9,296,464) | (1,242,375) |
| Proceed from issue of shares | - | 955,260 |
| Proceed from securities premium | - | 1,049,840,988 |
| Money received against share warrants | - | 4,875,000 |
| Net cash generated from financing activities | 99,796,229 | 1,147,406,473 |
| Net (decrease)/increase in cash and cash equivalents | (21,243,593) | 22,207,501 |
| Cash and cash equivalents at the beginning of the year | 25,575,047 | 3,367,546 |
| Cash and cash equivalents at the end of the year | 3,331,454 | 25,575,047 |
| Cash and cash equivalents comprise of: | | |
| Cash on hand | - | 17,186 |
| Bank balances | | |
| - In current accounts | 3,226,317 | 25,557,861 |
| - In deposit accounts (with original maturity of three months or less) | 105,137 | - |
| Total | 3,331,454 | 25,575,047 |

Note: The Cash Flow Statement has been prepared in accordance with the 'Indirect Method' specified in Accounting Standard 3, Cash Flow Statement, as per Accounting Standards specified under Section 135 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For: B S R & Co. LLP
Chartered Accountants
Firm registration no: 101248/W-100022

VARUN
KUMAR
TYAGI

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by VARUN
KUMAR TYAGI
Date: 2021.10.23
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Varun Kumar Tyagi
Partner
Membership No: 518152

For and on behalf of the Board of Directors of
Targetone Innovations Private Limited

KUSHAL
SHAILESH
KARWA

Kushal Shailesh Karwa
Director
DIN: 07188125

AMIT
BHASIN

Amit Bhasin
Director
DIN: 07188078

Place: Gurugram
Date: 23 October 2021

Place: Gurugram
Date: 23 October 2021

Place: Gurugram
Date: 23 October 2021

Targetone Innovations Private Limited
Notes to the financial statements for the year ended 31 March 2021
(All amounts in Indian Rupees, unless otherwise stated)

1. Corporate information

Targetone Innovations Private Limited (the "Company") is a private limited company incorporated under the provisions of the Companies Act, 2013. The Company is primarily engaged in providing innovative technology-based solutions to automobile and other allied industries including automotive product development, automotive electronics, powertrain engineering solutions, automotive after sales service, overhaul services. The Company is a start-up company recognized by department of industrial policy and promotion w.e.f. May 2016 and works under the brand name "GoMechanic". The Company provides services to its customers through a network of workshops based out in different cities across India. The Company is also engaged in sale of spare parts and related products to the network workshops.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

a. Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and mandatory Accounting Standards as specified under the section 133 of the Companies Act, 2013, as applicable and other accounting pronouncements of the Institute of Chartered Accountants of India, to the extent applicable. All income and expenditure having a material bearing on the financial statements are recognised on accrual basis.

The Company is a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards specified under section 133 of the Companies Act 2013. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III (Division I) to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

b. Use of estimates

The preparation of the financial statements require estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and assumptions and such differences are recognized in the period in which the results are crystallized. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

c. Property, plant and equipment and depreciation

Property, plant and equipment are stated at their original cost including freight, duties, taxes and other incidental expenses and any directly attributable cost of bringing the asset to its working condition for its intended use relating to acquisition and installation less accumulated depreciation and/ or accumulated impairment loss, if any. Subsequent expenditures related to an item of tangible fixed assets are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Targetone Innovations Private Limited
Notes to the financial statements for the year ended 31 March 2021
(All amounts in Indian Rupees, unless otherwise stated)

An item of Property, plant and equipment is eliminated from the financial statements on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the Statement of Profit and Loss.

Depreciation on property, plant and equipment is provided on the written down value over the estimated useful lives, as estimated by the management. Depreciation is charged on a pro-rata basis for assets purchased/ sold during the year. Schedule II to the Companies Act, 2013 prescribes useful life for property, plant and equipment as follows:

| Property, plant and equipment | Estimated useful life (in Years) |
|--------------------------------------|---|
| Office equipment | 5 years |
| Computers | 3 years |
| Furniture and fixtures | 10 years |

d. Intangible assets and amortisation

Intangible assets are stated 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 taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

An intangible asset is derecognised from the financial statements on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the Statement of Profit and Loss.

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.

Intangible assets comprising Domain Site is amortised on a straight line basis over a period of 6 years.

e. Impairment of assets

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. For assets that are not ready for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognized in Statement of Profit and Loss whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. An impairment loss is reversed, if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is recorded only to the extent that the carrying amount of the assets does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

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f. Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried at cost or market value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments, such reduction being determined and made for each investment individually.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

g. Borrowing costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

h. Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognized net of goods and service tax. The following specific recognition criterion must also be met before revenue is recognised:

Sale of goods and services

The Company provides automotive repair and related services to customer through a network of workshops. Revenue is recognized using the completed service method, when all significant risks and rewards are transferred to the customers and there is no significant uncertainty about the ultimate collection.

The Company sells goods including spare parts and accessories to workshops. Revenue is recognised when the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, which coincides with the delivery of goods.

In cases where the Company invoices the customer on behalf of the workshops, though the ultimate responsibility for goods and services rest with the workshops, the revenue is recognized net of related cost of sales.

Commission Income

The Company through its technology-based platform, facilitates the transaction between customers and workshops. The Company earns commission from the workshops for each completed order. Revenue is recognized on fulfilment of each order by the workshop.

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Marketing support income

The Company has tie ups with various vendors for goods including spare parts and accessories. The Company earns marketing support income on each purchase made by the network workshops. Revenue is recognized when the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, which coincides with the delivery of goods.

Interest income

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

i. Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of transaction. Gains / losses arising out of fluctuations in foreign exchange rates between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

Monetary items outstanding at the Balance Sheet date and denominated in foreign currencies are translated at the exchange rates prevailing at the end of the period. Differences arising on foreign currency translations are recognised in the Statement of Profit and Loss.

j. Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the asset over the lease term, are classified as operating leases. Lease rentals in respect of assets taken on non-cancellable operating lease are charged to the Statement of Profit and Loss on a straight-line basis over the lease term.

k. Employee benefits

Short term employee benefits:

All employee benefits payable/ available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

Provident fund (Defined Contribution plan)

The Company's contributions towards provident fund, which are being deposited with the Regional Provident Fund commissioner, are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

Gratuity (Defined benefit plan)

The Company's gratuity plan is a defined benefit plan and is paid in accordance with the limits set in the Payment of Gratuity Act, 1972. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation done by an independent actuary at the Balance Sheet date using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on

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Government securities as at the Balance Sheet date having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

l. Employee share- based payments

Equity settled stock options granted under “Targetone Innovations Private Limited Employee Stock Option Plan 2016 (Targetone ESOP 2016)” are accounted for as per the accounting treatment prescribed by the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India. The intrinsic value of the option being excess of value of the underlying share as determined by an independent valuer immediately prior to date of grant over its exercise price is recognised as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion and credit to deferred employee compensation expense equal to the un-amortised portion.

m. Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company’s earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares 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 or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares

n. Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of the timing difference between accounting income and taxable income for the period).

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

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o. Contingencies and provisions

The Company recognises a provision when there is a present obligation as a result of a past event and it is more likely than not that there will be an outflow of resources embodying economic benefits to settle such obligation and the amount of such obligation can be reliably estimated. Provisions are not discounted to its present value and are determined based on the management's best estimate of the amount of obligation required at the year end. These are reviewed at each balance sheet date and adjusted to reflect current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non occurrence of future events not wholly within the control of the Company.

When there is a possible obligation or a present obligation where the likelihood of an outflow of resources is remote, no disclosure or provision is made.

p. Cash and cash equivalents

Cash and cash equivalents comprise cash balance on hand, cash balance with banks, and highly liquid investments with maturity period of three months or less from date of investment.

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Notes to the financial statements for the year ended 31 March 2021
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3. Share capital

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Authorised share capital | | |
| Equity share capital | | |
| 30,000 (previous year 30,000) equity shares of Rs. 10 each | 300,000 | 300,000 |
| Preference share capital | | |
| 7,000 (previous year 7,000) 0.001% compulsorily convertible preference shares of Rs. 10 each | 70,000 | 70,000 |
| 19,000 (previous year 19,000) 0.001% compulsorily convertible preference shares of Rs. 100 each | 1,900,000 | 1,900,000 |
| Total authorised share capital | 2,270,000 | 2,270,000 |
| Issued, subscribed and paid-up: | | |
| Equity share capital | | |
| 10,066 (previous year 10,066) equity shares of Rs. 10 each | 100,660 | 100,660 |
| Preference share capital | | |
| 6,908 (previous year 6,908) 0.001% compulsorily convertible preference shares of Rs. 10 each | 69,080 | 69,080 |
| 18,085 (previous year 18,085) 0.001% compulsorily convertible preference shares of Rs. 100 each | 1,808,500 | 1,808,500 |
| Total issued, subscribed and paid-up share capital | 1,978,240 | 1,978,240 |

(a) Reconciliation of number of shares at the beginning and at the end of the year

| Equity Shares | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---------------------|----------------|---------------------|----------------|
| | Number of Shares | Amount | Number of Shares | Amount |
| Balance as at the beginning of the year | 10,066 | 100,660 | 10,020 | 100,200 |
| Add: Issued during the year* | - | - | 46 | 460 |
| Balance as at the end of the year | <u>10,066</u> | <u>100,660</u> | <u>10,066</u> | <u>100,660</u> |

* During the previous year ended 31 March 2020, 45 equity shares of Rs. 10 each fully paid up was issued at a premium of Rs. 17.345 per share and 1 equity share of Rs. 10 each fully paid up was issued at a premium of Rs. 33.709 per share.

| Compulsorily convertible preference shares (CCPS) | As at 31 March 2021 | | As at 31 March 2020 | |
|--|---------------------|------------------|---------------------|------------------|
| | Number of Shares | Amount | Number of Shares | Amount |
| Balance as at the beginning of the year | 24,993 | 1,877,580 | 15,445 | 922,780 |
| Add: 0.001% Compulsorily convertible preference shares issued during the year* | - | - | 9,548 | 954,800 |
| Balance as at the end of the year | <u>24,993</u> | <u>1,877,580</u> | <u>24,993</u> | <u>1,877,580</u> |

* During the previous year ended 31 March 2020, 9,548 Series B CCPS of Rs. 100 each fully paid up was issued at a premium of Rs. 109.868 per share.

(b) Rights, preferences and restrictions attached to shares

Equity Shares: The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. 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.

0.01% Compulsorily convertible preference shares: The Company has compulsorily convertible preference shares (CCPS) Series I and II having par value of Rs. 10 per share and Series A and B having par value of Rs. 100 per share. The coupon rate applicable on such shares is 0.001%. The said shares may have any option to convert within a period of 30 years from the date of allotment or at the time of a qualified IPO, or at the discretion of the investor, whichever is earlier. Each holder of CCPS shall be entitled to a dividend equal to 0.001% per annum of the face value or at such rate as declared to the Shareholders holding Equity Shares, whichever is higher, subject however to the maximum cap applicable under Applicable Law, to be paid after any dividend being paid to the holders of CCPS of the Company, but in preference to the holders of the Equity Shares. In any given Financial Year, the Company shall not declare any dividend or other distribution to its holders of Equity Shares unless it has first declared the preferential dividend for such Financial Year to the holders of Series B CCPS, Series A CCPS, CCPS II and CCPS I. If a preferential dividend has been declared by the Company but has not been paid by the relevant conversion date for a CCPS I, then the preferential dividend on such CCPS I shall be paid to the Person(s) who held the CCPS I as at the date of declaration. Upon conversion of the CCPS I into Equity Shares, the holders of the CCPS I shall be entitled to participate in the dividend on the Equity Shares, on a pari passu basis with the holders of all other Equity Shares.

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Notes to the financial statements for the year ended 31 March 2021

(All amounts are in Indian Rupees, unless otherwise stated)

(c) Particulars of shareholders holding more than 5% shares of a class of shares:

| Name of shareholders | As at 31 March 2021 | | As at 31 March 2020 | |
|--|---------------------|-----------|---------------------|-----------|
| | Number | % holding | Number | % holding |
| Equity shares of Rs. 10 each fully paid up held by: | | | | |
| Kushal Shantesh Karve | 4,500 | 44.70% | 4,500 | 44.70% |
| Amit Bhasin | 4,500 | 44.70% | 4,500 | 44.70% |
| 0.001% compulsorily convertible preference shares of Rs. 10 fully paid up held by: | | | | |
| Orios Venture Partners Fund II* | 3,962 | 57.35% | 3,962 | 57.35% |
| Kunal Behl | 656 | 9.50% | 656 | 9.50% |
| Rohit Kumar Bansal | 656 | 9.50% | 656 | 9.50% |
| SCI Investments VI | 880 | 12.74% | 880 | 12.74% |
| 0.001% compulsorily convertible preference shares of Rs. 100 fully paid up held by: | | | | |
| Orios Venture Partners Fund II* | 2,619 | 14.48% | 2,619 | 14.48% |
| SCI Investments VI | 10,455 | 57.81% | 10,455 | 57.81% |
| Chiratae Venture India Fund IV* | 2,409 | 13.32% | 2,409 | 13.32% |
| Chiratae Venture India Master Fund IV* | 1,818 | 10.05% | 1,818 | 10.05% |

* Represented by its trustee Vistra (ITCL) India Limited

(d) Money received against share warrants

During the previous year ended 31 March 2020, the Company had issued 5 share warrants to Bennett Coleman and Company Limited (BCCL) against a consideration of Rs. 4,875,000. The warrants may be exercised at any time post determination of the subscription price but within a period of five years from the closing date at the sole discretion of BCCL in accordance with the terms of agreement executed between the Company and BCCL in this regard.

Subsequent to the year ended 31 March 2021, these share warrants have been exercised by BCCL. Accordingly, 443 equity shares of Rs. 10 each fully paid up were issued to BCCL at a premium of Rs. 109,958 per share.

4. Reserves and surplus

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Deficit in the Statement of Profit and Loss | | |
| At the commencement of the year | (642,759,385) | (57,528,643) |
| Add: loss for the year | (274,435,790) | (585,230,742) |
| Balance at the end of the year | (917,195,175) | (642,759,385) |
| Securities premium | | |
| At the commencement of the year | 1,411,122,048 | 361,281,060 |
| Additions during the year | - | 1,049,840,938 |
| Balance at the end of the year | 1,411,122,048 | 1,411,122,048 |
| Total reserves and surplus | 493,926,873 | 768,362,663 |

5. Other long-term liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Trade payables | | |
| Total outstanding dues of micro enterprises and small enterprises | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | - | 5,721,125 |
| | - | 5,721,125 |

* Represents deferred payment liability in respect of consideration for services towards advertisement campaign availed from Bennett, Coleman and Company Limited (BCCL) against line of credit amounting to Rs. 48,750,000 extended by BCCL pursuant to terms of advertisement agreement dated 10 May 2019 executed between the Company and BCCL, the settlement of which either in cash or equity settlement is dependent upon uncertain future events. Subsequent to the year ended 31 March 2021, the balance payable to BCCL has been settled in the form of equity shares. (Refer note 3(d)). Accordingly, the balance payable has to BCCL been reclassified to current trade payables.

6. Provisions

| | Long-term | | Short-term | |
|--|------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2021 | As at 31 March 2020 |
| Provision for employee benefits | | | | |
| - Provision for gratuity | 15,876,881 | 81,018,420 | 12,468 | 7,631 |
| Provision for warranties | - | - | - | 17,111,243 |
| | 15,876,881 | 81,018,420 | 12,468 | 17,118,874 |

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(a) Provision for warranties

During the previous year ended 31 March 2020, in the absence of information related to historical data and actual claims paid with respect to warranties, the Company had considered market data for Original Equipment Manufacturers (in automotive industry) which is in range of 0.2%-0.3% but due to non-availability of market comparable for service dominant entities, the management used its judgement to estimate cost of warranty provision equivalent to 1.5% of gross revenue.

During the year ended 31 March 2021, the Company has gathered information related to historical data and actual claims paid with respect to warranties. Basis the assessment, management believes that any amount paid during the period is not in the nature of warranty but is in the nature of discount extended to customer for the purpose of customer retention and further the amount involved is also immaterial. As per the arrangement with the workshops, the Company is not liable to pay any warranty expense for any work done by the workshop. Management believes that there is no possibility of any liability being devolved on the Company in respect of the work done by workshops and accordingly the provision created in previous year has been reversed in the current year.

| | As at 31 March 2021 | As at 31 March 2020 |
|--------------------------------------|------------------------|------------------------|
| Balance at the beginning of the year | 17,111,243 | - |
| Addition during the year | - | 17,111,243 |
| Amounts utilised the year | - | - |
| Amount written back the year | 17,111,243 | - |
| Balance at the end of the year | - | 17,111,243 |
| Non-current | - | - |
| Current | - | 17,111,243 |
| Total | - | 17,111,243 |

7. Short-term borrowings

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Secured: | | |
| Working capital loan repayable on demand from bank * | 61,700,000 | - |
| Unsecured: | | |
| Bank overdraft # | 140,570,293 | 93,177,600 |
| | <u>202,270,293</u> | <u>93,177,600</u> |

* Working capital loan from bank is secured by lien marked bank deposits amounting to Rs. 200,000,000.

Bank overdraft is secured by lien marked on bank deposits amounting to Rs. 100,000,000.

8. Trade payables

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Trade payables | | |
| Total outstanding dues of micro enterprises and small enterprises | 6,708,997 | 872,846 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 169,257,273 | 62,949,677 |
| | <u>175,966,270</u> | <u>63,822,523</u> |

Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") is as under:

The information regarding Micro, Small and Medium Enterprises have been determined by the management to the extent such parties have been identified on the basis of information available with the Company.

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| Principal amount due to micro and small enterprises | 442,439 | 872,846 |
| Interest due on above | 10,582 | 7,373 |
| b) The amount of interest paid by the buyer in terms of section 16 of MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| c) 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 the MSMED Act, 2006 | - | - |
| d) The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| e) 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 enterprises, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006. | - | - |

9. Other current liabilities

| | As at 31 March 2021 | As at 31 March 2020 |
|--------------------------------------|------------------------|------------------------|
| Employee benefits payable | 25,331,303 | 23,723,174 |
| Advances from customers | 17,470,769 | 2,238,877 |
| Deferred revenue | - | 4,850,983 |
| Statutory dues payable | 33,511,755 | 11,825,956 |
| Interest payable on statutory dues | 4,210,768 | 1,926,747 |
| Interest due on working capital loan | 500,493 | - |
| | <u>81,025,088</u> | <u>44,565,737</u> |

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10. Property, plant and equipment

| | <u>Computer</u> | <u>Furniture and fixtures</u> | <u>Office equipment</u> | <u>Total</u> |
|---------------------------------|------------------|-------------------------------|-------------------------|------------------|
| Cost | | | | |
| As at 1 April 2019 | 632,546 | 56,430 | - | 688,976 |
| Additions during the year | 2,278,325 | - | 36,475 | 2,314,800 |
| As at 31 March 2020 | <u>2,910,871</u> | <u>56,430</u> | <u>36,475</u> | <u>3,003,776</u> |
| As at 1 April 2020 | 2,910,871 | 56,430 | 36,475 | 3,003,776 |
| Additions during the year | 380,639 | 31,200 | 194,980 | 606,819 |
| As at 31 March 2021 | <u>3,291,510</u> | <u>87,630</u> | <u>231,455</u> | <u>3,610,595</u> |
| Accumulated depreciation | | | | |
| As at 1 April 2019 | 222,105 | 8,233 | - | 230,338 |
| Additions during the year | 838,053 | 12,478 | 3,756 | 854,287 |
| As at 31 March 2020 | <u>1,060,158</u> | <u>20,711</u> | <u>3,756</u> | <u>1,084,625</u> |
| As at 1 April 2020 | 1,060,158 | 20,711 | 3,756 | 1,084,625 |
| Additions during the year | 1,288,930 | 11,029 | 30,114 | 1,330,073 |
| As at 31 March 2021 | <u>2,349,088</u> | <u>31,740</u> | <u>33,870</u> | <u>2,414,698</u> |
| Net carrying value | | | | |
| As at 31 March 2021 | <u>942,422</u> | <u>55,890</u> | <u>197,585</u> | <u>1,195,897</u> |
| As at 31 March 2020 | <u>1,850,712</u> | <u>35,719</u> | <u>32,719</u> | <u>1,919,151</u> |

11. Intangible assets

| | <u>Domain site</u> | <u>Total</u> |
|---------------------------------|--------------------|----------------|
| Cost | | |
| As at 1 April 2019 | 954,140 | 954,140 |
| Additions during the year | - | - |
| As at 31 March 2020 | <u>954,140</u> | <u>954,140</u> |
| As at 1 April 2020 | 954,140 | 954,140 |
| Additions during the year | - | - |
| As at 31 March 2021 | <u>954,140</u> | <u>954,140</u> |
| Accumulated amortisation | | |
| As at 1 April 2019 | 6,164 | 6,164 |
| Additions during the year | 372,555 | 372,555 |
| As at 31 March 2020 | <u>378,719</u> | <u>378,719</u> |
| As at 1 April 2020 | 378,719 | 378,719 |
| Additions during the year | 226,141 | 226,141 |
| As at 31 March 2021 | <u>604,860</u> | <u>604,860</u> |
| Net carrying value | | |
| As at 31 March 2021 | <u>349,280</u> | <u>349,280</u> |
| As at 31 March 2020 | <u>575,421</u> | <u>575,421</u> |

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12. Non-current investments

Unquoted equity instruments:

Investment in associate:

Nil equity shares [previous year 25,000] of Rs. 10 each fully paid-up held in Star Car Care Solutions Private Limited

Less: Provision for diminution of investments

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| | - | 250,000 |
| | - | (250,000) |
| | - | - |

During the year ended 31 March 2021, the investment in associate Star Car Care Solutions Private Limited has been realised. Accordingly, the provision for diminution of investment has been written back. (refer note 22)

13. Long-term loans and advances

(Unsecured, considered good)

Security deposits

Advance income tax (net of provision of tax Rs. nil)

Advances to vendors

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| | 4,875,000 | 4,875,000 |
| | 4,629,121 | - |
| | - | 30,216,132 |
| | 9,504,121 | 35,091,132 |

14. Other non-current assets

Deposits with banks with maturity of more than 12 months

Interest accrued on deposits with banks

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| | 96,808,130 | 3,341,263 |
| | 477,948 | - |
| | 97,286,078 | 3,341,263 |

15. Current investments

Mutual funds (Unquoted):

Axis Liquid Fund Direct Plan Growth Option

ICICI Prudential Savings Fund Direct Plan Growth Option

IDFC Low Duration Fund Direct Plan Growth Option

Kotak Savings Fund Direct Plan Growth Option

SBI Magnum Low Duration Fund Direct Plan Growth Option

SBI Magnum Low Duration Fund Growth Option

| As at 31 March 2021 | | As at 31 March 2020 | |
|---------------------|-------------|---------------------|-------------|
| Units | Amount | Units | Amount |
| - | - | 148.77 | 321,708 |
| - | - | 598,372.04 | 230,000,000 |
| - | - | 7,988,995.99 | 226,600,000 |
| - | - | 592,936.87 | 19,128,203 |
| - | - | 34,813.24 | 90,000,000 |
| 41,417.44 | 106,028,362 | 58,593.91 | 150,000,000 |
| 41,417.44 | 106,028,362 | 9,274,866.82 | 716,049,911 |

Market value of mutual funds

113,914,182

728,378,656

16. Inventories (valued at lower of cost or net realisable value)

Traded goods

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| | - | 2,049,071 |
| | - | 2,049,071 |

17. Trade receivables

Unsecured, considered good:

Outstanding for a period exceeding 6 months from the date they are due for payment

Others

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| | 50,082,659 | 3,470,030 |
| | 175,643,866 | 49,451,002 |

Unsecured, considered doubtful:

Outstanding for a period exceeding 6 months from the date they are due for payment

Others

Less: provision for doubtful debts

| | | |
|--|--------------|--------------|
| | 69,245,850 | 19,497,090 |
| | - | 44,612,290 |
| | (69,245,850) | (64,109,380) |
| | 225,726,525 | 52,921,032 |

Targetone Innovations Private Limited
Notes to the financial statements for the year ended 31 March 2021
(All amounts are in Indian Rupees, unless otherwise stated)

18. Cash and bank balances

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Cash and cash equivalents | | |
| Cash on hand | - | 17,186 |
| Bank balances | | |
| In current accounts | 3,226,317 | 25,557,861 |
| In deposit accounts (with original maturity of three months or less) | 105,137 | - |
| Other bank balances | | |
| Deposits with original maturity more than three months but due to mature within twelve months of reporting date | 132,895,894 | 100,280,909 |
| | <u>136,227,348</u> | <u>125,835,956</u> |

19. Short-term loans and advances
(Unsecured, considered good)

Unsecured, considered good:

Other loans and advances

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Balance with government authorities | 25,386,816 | 18,784,314 |
| Less: Provision for doubtful advances | (5,270,686) | - |
| | <u>18,116,130</u> | <u>18,784,314</u> |
| Advance income tax (net of provision of Rs. nil) | - | 5,002,008 |
| Security deposits | 2,286,109 | 2,029,132 |
| Prepaid expenses | 52,168 | 52,168 |
| Advances recoverable in cash and kind | | |
| Advances to employees | 1,604,060 | 1,436,265 |
| Advances to vendors | 365,804,177 | 111,770,456 |
| Advances to workshops | 12,229,232 | 2,684,317 |
| Unsecured, considered doubtful: | | |
| Advances to vendors | 2,090,244 | 6,449,614 |
| Advances to workshops | 10,566,570 | 12,154,750 |
| Less: Provision for doubtful advances | (12,456,814) | (13,604,364) |
| | <u>398,091,876</u> | <u>141,779,280</u> |

20. Other current assets
(Unsecured, considered good)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Interest accrued on deposits with banks | 782,318 | 840,574 |
| Unbilled revenue | - | 217,391 |
| Other receivables | 739,308 | - |
| | <u>1,521,626</u> | <u>1,057,965</u> |

Targetone Innovations Private Limited
Notes to the financial statements for the year ended 31 March 2021
(All amounts are in Indian Rupees, unless otherwise stated)

21. Revenue from operations

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Sale of goods and services (refer note 42) * | 120,314,181 | 147,410,899 |
| Commission income | 112,238,355 | 89,688,304 |
| Marketing support income | 109,158,999 | 3,516,987 |
| | 341,711,535 | 240,616,190 |

* Sales of goods and services is net of cost of sales of Rs. 82,212,020 (previous year - nil), where the Company invoices the customer on behalf of the workshops, though the ultimate responsibility for goods and services rest with the workshops.

22. Other income

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Interest income on bank deposits | 19,820,343 | 5,517,451 |
| Profit on sale of investments | 15,336,248 | 5,794,188 |
| Provision for gratuity written back * | 65,136,702 | - |
| Provision for warranty no longer required written back * | 17,111,243 | - |
| Provision no longer required written back | 11,025,638 | - |
| Provision for diminution of investments written back | 250,000 | - |
| Interest on income tax refund | 104,517 | - |
| Miscellaneous income | 1,792,392 | 484,071 |
| | 130,577,103 | 11,595,710 |

* represents prior period.

23. Purchases of goods and services

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Purchases of goods and services (refer note 42) * | 104,101,785 | 163,491,216 |
| | 104,101,785 | 163,491,216 |

* including purchase from workshops and vendors.

24. Changes in inventory of stock-in-trade

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|------------------------------------|-------------------------------------|-------------------------------------|
| Decrease in stock-in-trade | | |
| Stock at the beginning of the year | 2,049,071 | 4,042,300 |
| Less: Stock at the end of the year | - | 2,049,071 |
| | 2,049,071 | 1,993,229 |
| Less: Prior period expense | - | 792,717 |
| | 2,049,071 | 1,200,492 |

25. Employee benefits

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Salaries, wages and bonus | 295,028,809 | 221,037,017 |
| Contribution to provident and other funds | 10,995,018 | 8,810,734 |
| Gratuity expenses | - | 64,835,490 |
| Staff welfare expenses | 2,517,185 | 4,052,395 |
| | 308,541,012 | 298,755,636 |

26. Finance costs

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Interest expense on short-term borrowings | 9,796,957 | 693,191 |
| Interest on late deposit of statutory dues | 2,982,301 | 2,468,358 |
| Interest on late payment to micro and small enterprises | 10,582 | 7,373 |
| Processing fee for working capital loan | 1,500,000 | - |
| | 14,289,840 | 3,169,122 |

27. Depreciation and amortisation

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Depreciation on tangible assets (refer note 10) | 1,330,073 | 854,287 |
| Amortisation of intangible assets (refer note 11) | 226,141 | 572,555 |
| | 1,556,214 | 1,226,842 |

Targetone Innovations Private Limited

Notes to the financial statements for the year ended 31 March 2021
(All amounts are in Indian Rupees, unless otherwise stated)

28. Other expenses

| | <u>For the year ended 31 March 2021</u> | <u>For the year ended 31 March 2020</u> |
|--|---|---|
| Advertisement and publicity expenses | 159,156,912 | 121,991,097 |
| Business promotion expenses | 8,544,493 | 21,501,783 |
| Manpower hire charges | 45,158,765 | 17,140,981 |
| Provision for doubtful debts and advances | 10,407,156 | 82,713,744 |
| Provision for warranty expenses | - | 17,111,245 |
| Provision for diminution in value of investments | - | 250,000 |
| Legal and professional expenses | 18,358,919 | 19,168,350 |
| Travelling and lodging expenses | 6,725,557 | 19,093,487 |
| Rent - building | 13,455,855 | 8,226,542 |
| Rent - others | 8,451,542 | 5,855,345 |
| Commission expenses | 5,596,031 | 4,809,731 |
| Communication expenses | 6,609,309 | 3,096,630 |
| Software development and IT support charges | 15,534,070 | 6,106,103 |
| Power and fuel | 5,185,384 | 5,946,942 |
| Printing and stationery | 7,850,741 | 7,044,625 |
| Logistic charges | 63,224 | 2,634,128 |
| Rates and taxes | - | 5,307,081 |
| Repair and maintenance - others | 63,664 | 384,247 |
| Miscellaneous expenses | 2,116,752 | 3,402,396 |
| | <u>313,278,374</u> | <u>351,804,243</u> |
| Payment to auditors * | | |
| Audit fees (excluding applicable taxes) | <u>2,000,000</u> | <u>950,000</u> |
| | <u>2,000,000</u> | <u>950,000</u> |

* Audit fees for the year ended 31 March 2020 was paid to predecessor auditor.

Targetone Innovations Private Limited
Notes to the financial statements for the year ended 31 March 2021
(All amounts are in Indian Rupees, unless otherwise stated)

29. Loss per share

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Basic loss per share | | |
| Loss after tax | (274,435,790) | (585,230,741) |
| Less: Dividend on preference shares | 19 | 19 |
| Adjusted net profit for the year | (274,435,809) | (585,210,760) |
| Weighted average number of shares outstanding | 10,066 | 10,029 |
| Basic loss per share | (27,263.64) | (58,353.75) |
| Diluted loss per share* | (27,263.64) | (58,353.75) |

* Diluted loss per share has not been computed as it is anti-dilutive.

30. Expenditure in foreign currency (on accrual basis)

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Software development and IT support charges | 4,374,228 | 1,186,226 |
| Travelling and lodging expenses | - | 19,609 |
| Total | 4,374,228 | 1,205,835 |

31. Employee benefits obligations

The Company has in accordance with the Accounting Standard-15 (Revised) 'Employee Benefits' has calculated the benefits provided to employees as under:

(a) Defined contribution plans

During the year, the Company has contributed fund Rs.10,286,464 (previous year Rs. 7,975,298) to Provident Fund, Rs. 246,967 (previous year Rs. 648,271) to employee state insurance, Rs. 290,186 (previous year Rs. nil) to Employees Accidental Insurance and Rs. 171,401 (previous year Rs. 187,165) to labour welfare fund, respectively and accounted aforesaid contributions as an expense in the Statement of Profit and Loss under the head "contribution to provident and other funds".

(b) Defined benefit plan (Unfunded)

Gratuity: Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service. Also refer Note (4) below.

Present value of Defined Benefit Obligation (DBO) includes ascertained liability for those employees who were serving notice period/ left the organisation pending full and final settlement as at year end.

i. Present value of defined benefit obligation:

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Present value of obligation as at beginning of year | 81,026,051 | 16,190,561 |
| Interest cost | 5,501,669 | 1,240,197 |
| Current service cost | 10,903,784 | 73,037,931 |
| Past service cost | - | - |
| Benefits paid | - | - |
| Actuarial gain on obligations | (81,544,155) | (9,442,618) |
| Present value of obligation as at end of year | 15,889,349 | 81,026,051 |

ii. Liabilities recognised in Balance Sheet:

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Present value of obligation at the beginning of the year | 81,026,051 | 16,190,561 |
| Add: Provided during the year | (65,136,702) | 64,835,490 |
| Less: Paid during the year | - | - |
| Present value of obligation as at end of year | 15,889,349 | 81,026,051 |
| Recognized in balance sheet as under: (Refer Note 6) | | |
| Non Current provisions | 15,876,881 | 7,631 |
| Current provisions | 12,468 | 81,018,420 |
| | 15,889,349 | 81,026,051 |

Targetone Innovations Private Limited
Notes to the financial statements for the year ended 31 March 2021
(All amounts are in Indian Rupee, unless otherwise stated)

iii. Income / expense recognised in Statement of Profit and Loss:

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Interest cost | 5,501,669 | 1,240,197 |
| Current service cost | 10,905,784 | 73,037,931 |
| Past service cost | - | - |
| Actuarial gain on obligations | (81,544,155) | (9,442,638) |
| (Income) / expense recognised in Statement of Profit and Loss (Refer notes 22 and 25) | (65,136,702) | 64,835,490 |

iv. Actuarial assumption

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|--------------------------------|------------------------|------------------------|
| Discount rate | 6.40% | 6.79% |
| Salary growth rate | 12.00% | 30.00% |
| Expected return on plan assets | 0.00% | 0.00% |
| Attrition rate | | |
| -Up to 30 years | 15.00% | 16.00% |
| -From 31 to 44 years | 15.00% | 2.00% |
| -Above 44 years | 15.00% | 0.00% |

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

v. Experience adjustments:

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Present value of DBO | 15,889,349 | 81,726,051 |
| Fair value of plan assets | - | - |
| Funded status (surplus/(deficit)) | (15,889,349) | (81,026,051) |
| Experience gain/(loss) adjustments on plan liabilities: | (26,804,697) | 12,542,453 |

32. Related party disclosures

a) Names of related parties and nature of relationship
Associates:

Key Management Personnel:

Star Car Care Solutions Private Limited (Up till 30 March 2021)
Kushal Shailesh Karwa, Director and founder
Amit Bhasin, Director and founder
Nitin Rana, Cofounder
Rishabh Shailesh Karwa, Cofounder

b) Transactions with related parties during the year

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Sale of goods and services | | |
| Star Car Care Solutions Private Limited | - | 1,450,039 |
| Commission income | | |
| Star Car Care Solutions Private Limited | - | 2,541,810 |
| Purchases of goods and services* | | |
| Star Car Care Solutions Private Limited | 413,845 | 4,685,839 |
| *Including cost for servicing the cars for B2B customers wherein billing has been done to B2B customers | | |
| Remuneration paid* | | |
| Kushal Shailesh Karwa, Director and founder | 5,820,420 | 3,361,455 |
| Amit Bhasin, Director and founder | 6,270,420 | 2,485,349 |
| Nitin Rana, Cofounder | 6,270,420 | 3,467,160 |
| Rishabh Shailesh Karwa, Cofounder | 5,806,253 | 3,361,455 |
| Loans repaid | | |
| Kushal Shailesh Karwa, Director and founder | - | 140,000 |
| Amit Bhasin, Director and founder | - | 60,000 |
| Payment made to directors | | |
| Kushal Shailesh Karwa, Director and founder | - | 103,000 |
| Reimbursement of expenses | | |
| Kushal Shailesh Karwa, Director and founder | 129,473 | - |
| Amit Bhasin, Director and founder | 189,000 | - |
| Nitin Rana, Cofounder | 301,194 | - |
| Rishabh Shailesh Karwa, Cofounder | 52,500 | - |
| Advance recovered from employee | | |
| Nitin Rana, Cofounder | - | 120,000 |
| Relinquish of investment in associate | | |
| Star Car Care Solutions Private Limited | 250,000 | - |

*Remuneration does not include the contribution towards gratuity as the incremental liability has been accounted for the Company as a whole and separate details for individual employee are not available.

Targetone Innovations Private Limited
Notes to the financial statements for the year ended 31 March 2021
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33. Leases

The Company has entered into operating lease arrangements with respect to its office premises. These lease arrangements range for a period upto 1 year, which include both cancellable and non-cancellable leases. All leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| With respect to office premises: | | |
| Lease payments recognised in the Statement of Profit and Loss during the year (Refer note 28) | 13,455,855 | 8,226,542 |
| | 13,455,855 | 8,226,542 |

As a lessee: Operating lease

With respect to non-cancellable operating leases, the future minimum lease payments are as follows:

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Not later than one year | 10,837,569 | 318,250 |
| Later than one year and not later than five years | - | - |
| More than five years | - | - |

34. Employee stock option plan

Targetone Innovations Private Limited Employee Stock Option Plan 2016 (Targetone ESOP 2016) The members vide resolution dated November 28, 2016 approved Targetone ESOP 2016 for granting Employee Stock Options in the form of Equity Shares linked to the completion of a minimum period of continued employment to the eligible employees of the Company monitored and supervised by the Board of Directors. The eligible employees, excluding promoters or directors who either himself or through his relative or any body corporate holds more than 10% of the outstanding equity shares of the Company, for the purpose of Targetone ESOP 2016 will be determined by the Board of Directors from time to time.

The vesting period of Targetone ESOP 2016 ranges from two to five years with three months exercise period for exercising the option to subscribe.

Targetone ESOP 2016

| | |
|----------------------------|-----------------------------|
| Date of Grant | Multiple Dates |
| Numbers of options granted | 1,608 |
| Vesting Conditions | Two to Five year's services |
| Exercise Period | 3 months |
| Exercise price | Rs. 17,545 to Rs. 93,658 |

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Outstanding at the beginning of the year | 1,305 | 1,101 |
| Granted during the year | 258 | 249 |
| Forfeited/Expired during the year | (378) | - |
| Exercised during the year | - | (45) |
| Outstanding at the end of the year | 1,185 | 1,305 |
| Exercisable at the end of the year | 373 | 333 |

Weighted average exercise price: During the year ended 31 March 2021, no options have been exercised. For options exercised during the previous year, the weighted average share price at the exercise date was Rs. 17,545 per share.

The Company has adopted the intrinsic value method as permitted by the Guidance Note on Accounting for Employee Share Based Payment issued by the Institute of Chartered Accountants of India in respect of stock options granted. The value of the underlying Shares has been determined by an independent valuer.

The Company's net profit and earnings per share would have been as under, had the compensation cost for employees' stock options been recognized based on the fair value at the date of grant in accordance with Black Scholes Merton model.

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Loss as reported | (276,435,790) | (585,230,741) |
| Add: ESOP cost using the intrinsic value method | - | - |
| Less: ESOP cost using the fair value method | - | (13,684,014) |
| Loss as per Fair value method | (276,435,790) | (598,914,755) |
| Loss per share (LPS) | | |
| Basic | | |
| - Number of shares | 10,066 | 10,029 |
| - Basic LPS as reported (Refer note 29) | (27,263.64) | (58,353.75) |
| Diluted | | |
| - Number of shares | 36,046 | 30,152 |
| - Diluted LPS as reported (Refer note 29) | (27,263.64) | (58,353.75) |

The following assumptions were used for calculation of fair value of grants:

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|----------------------------------|-------------------------------------|-------------------------------------|
| Risk-free interest rate (%) | 8.20% | 6.54% / 5.91% |
| Expected life of options (years) | 3 | 3 |
| Expected volatility (%) | 70.00% | 63% / 65% |
| Dividend yield | 0.00% | 0.00% |

Effect of share-based payment plan on the Balance Sheet and Statement of Profit and Loss:

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Expense (Income) arising from employee share-based payment plan (refer note 37) | - | (666,710) |
| Employee stock options outstanding | - | - |

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35. Prior period items

| Prior period expense | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|------------------------------------|-------------------------------------|-------------------------------------|
| Gratuity | - | 16,190,561 |
| Accrued interest written off | - | 360,442 |
| Overvaluation of opening inventory | - | 792,737 |
| Staff welfare expenses | 908,132 | - |
| Reversal of prior period expense* | - | (666,710) |
| Total | 908,132 | 16,677,030 |

*There was an error in accounting of ESOPs in earlier periods. Consequently, the asset amounting Rs. 24,445,371 and liabilities amounting Rs. 25,112,081 as at 31 March 2019 has been reversed during the year ended 31 March 2020.

36. Capital and other commitments

- (a) There is no capital commitment as at 31 March 2021 and 31 March 2020.
(b) Pursuant to terms of advertisement agreement dated 10 May 2019 executed between the Company and Bennett, Coleman and Company Limited (BCCL), the Company has agreed to commitment of Rs. 75,000,000 relating to an advertisement campaign over a period of three years. As at 31 March 2020, the unfulfilled commitment is Rs. 54,145,729 (previous year Rs. 66,198,269).

37. Deferred tax assets (net)

| | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Deferred tax liabilities | - | - |
| Deferred tax assets | | |
| Excess of depreciations/ amortisation on property, plant & equipment provided in books of accounts over income-tax law | 278,875 | 31,151 |
| Provision for gratuity | 4,131,231 | 21,066,773 |
| Provision for doubtful debts and advances | 21,242,693 | 21,505,573 |
| Provision for warranty | - | 4,448,921 |
| Provision for diminution in the value of investments | - | 85,000 |
| Unabsorbed depreciation and carried forward business losses | 102,238,898 | 14,240,635 |
| Others | - | 292,832 |
| Net Deferred tax assets / liabilities | 127,891,697 | 61,650,887 |
| Deferred tax assets/liabilities recognized | - | - |
| Net deferred tax credit for the year | - | (31,939) |

Note: Since there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available to the Company, hence deferred tax assets have not been recognised.

38. During the year ended 31 March 2021, the Company has issued a corporate guarantee in favour of a vendor 'M/s Pareet Autostar Private Limited' for a credit facility of Rs. 5,00,00,000 availed from Kotak Mahindra Bank.

39. In view of the pandemic relating to COVID-19, the Company has considered internal and external information and has performed an analysis based on current estimates while assessing provision for employee benefit and current and non-current assets, for any possible impact on the financial statements. The Company has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position and internal financial reporting controls and is of the view that based on its present assessment this situation does not materially impact these financial statements. However, the actual impact of COVID-19 on these financial results may differ from that estimated due to unforeseen circumstances and the Company will continue to closely monitor any material changes to future economic conditions.

40. The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

41. During the year ended 31 March 2020, the Company had not complied with section 92(4), section 96(1), section 129(2) and section 137(1) of the Companies Act, 2013 and the Annual General Meeting ("AGM") was conducted on 25 June 2021. Subsequently, the Annual Return and Financial Statements were filed with the Registrar of Companies ("ROC"). The Company had applied for condonation/compounding of delay in conducting the AGM with ROC. Subsequent to the year ended 31 March 2021, the Company has received the compounding order and management believe that any further liability in respect of these non-compliances is remote and not expected to be material to the financial statements of the Company.

42. During the year ended 31 March 2021, the management has reassessed the application of accounting policy for a specific stream of revenue and therefore the figures presented for year ended 31 March 2021 are not comparable to figures presented for the year ended 31 March 2020. If the reassessed policy would have been applied to the corresponding year, the 'Sale of goods and services' and 'Purchases of goods and services' would have been lower by Rs. 90,028,113. This does not have any impact on the net loss for the year ended 31 March 2020 and reserves and surplus of the Company as on that date.

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43. Subsequent to the year ended 31 March 2021, the Company has raised new funding of Rs. 2,554,890,042 in by way of issue of compulsorily convertible preference shares (CCPS).

| Investor name | Series | Number of shares | Class | Price per share (Rs.) | Total amount (Rs.) |
|--|----------|------------------|-------|-----------------------|----------------------|
| Internei Fund VII Pte. Ltd (referred to as "Tiger") | Series C | 3,541 | CCPS | 541.061 | 1,915,897,001 |
| SCI Investments VI (referred to as "SCI VI") | Series C | 590 | CCPS | 541.061 | 319,225,990 |
| Vipra (TCL India) Limited (referred to as "Chiratae Ventures India Fund (V)") | Series C | 118 | CCPS | 541.061 | 63,845,198 |
| Vipra (TCL India) Limited (referred to as "Chiratae Ventures Master Fund (V)") | Series C | 118 | CCPS | 541.061 | 63,845,198 |
| Ortus Select | Series C | 355 | CCPS | 541.061 | 192,076,655 |
| Total | | | | | 2,554,890,042 |

44. The Company has accumulated losses of Rs. 917,195,176 (as at 31 March 2021: Rs. 642,759,385) including loss for the year of Rs. 274,435,792 (for the year ended 31 March 2020: Rs. 585,230,742). Despite, there being accumulated losses, the Company expects to earn profits in foreseeable period, being in the growth stage of the life cycle of the business. Based on the assessment made by the management, it was concluded that the Company has an ability to continue as a going concern due to the following mitigating factors:

- (a) The Company has a positive net worth of Rs. 500,780,112 as at 31 March 2021.
- (b) As at 31 March 2021, the current assets of the Company exceeds the current liabilities by Rs. 408,321,618.
- (c) Subsequent to the year ended 31 March 2021, the Company has also received money of Rs. 2,554,890,042 from issue of Compulsorily Convertible Preference Shares as disclosed in note 43 above.

The above factors indicate that the Company will be able to meet its operational requirements as they arise and to meet its liabilities as and when they fall due. Accordingly, these financial statements of the Company have been prepared using the going concern assumption.

As per our report of even date attached

For B S R & Co. LLP
 Chartered Accountants
 Firm registration no. 101248W/W-100022
 VARUN KUMAR TYAGI
 Partner
 Membership No. 518152

For and on behalf of the Board of Directors of Targetone Innovations Private Limited

KUSHAL SHAILESH KARWA
 Director
 DIN: 07188125

AMIT BHASIN
 Director
 DIN: 07188078

Place: Gurugram
 Date: 23 October 2021

Place: Gurugram
 Date: 23 October 2021

Place: Gurugram
 Date: 23 October 2021