Gaurang G Shah, B com, LLB, FCA
Kushagra G Shah, B.com, FCA, FRM, CISA, CFA
Mauli K Shah, M.com, FCA

INDEPENDENT AUDITORS' REPORT

To
The Members of MOBIQUITY SOFTECH PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MOBIQUITY SOFTECH PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at December 31, 2019, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'financial statements').

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 ('the 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 December 31, 2019, profit, changes in equity 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules there under, 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.

GUNVANTLAL J. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

Information other than the financial statements and auditors' report thereon

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

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

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

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

Management's responsibility for the financial statements

The Company's 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 financial position, financial performance, changes in equity 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The board of directors are also responsible for overseeing the Company's financial reporting process.

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LAL J. SHAH & CO.
CHARTERED ACCOUNTANTS

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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, the statement of changes in equity and the cash flow statement 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, read with rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on December 31, 2019 taken on record by the board of directors, none of the directors is disqualified as on December 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" and

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(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

a. The Company does not have any pending litigations which would impact its financial position;

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For Gunvantlal J Shah & Co
Chartered Accountants

Kushagra G Shah (M. No. 129586)
Partner

Ahmedabad

GUNVANTLAL J. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

Date: 5th February, 2020

UDIN: 20129586AAAAAB1209

Annexure-B referred to in our report of even date

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

We have audited the internal financial controls over financial reporting of MOBIQUITY SOFTECH PRIVATE LIMITED ("the Company") as of December 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

AHMEDABAD CHARTERED ACCOUNTANTS

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Gunvantlal J Shah & Co
Chartered Accountants

Kushagra G Shah (M. No. 129586)
Partner
Ahmedabad

GUNVANTLAL J. SHAH & CO. CHARTERED ACCOUNTANTS AHMEDABAD

Date: 5th February, 2020

UDIN: 20129586AAAAAB1209

Annexure-A referred to in our report of even date
Re: MOBIQUITY SOFTECH PRIVATE LIMITED (The Company)

1 (i) Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(ii) All fixed assets have not been physically verified by the management during the year but there is a regular programme for verification which in our opinion is reasonable. According to information and explanation given to us no material descrepancies were noticed.

(iii) According to the information and explanation given to us and on the basis of our examination of the records of the Comapany, the Company does not hold any immovable properties in its name.

2 The company is a service company and does not have any inventory.

3 According to the information and explanations given to us, the Company has not granted any loans,secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act,2013.

4 In our opinion and according to the information and explanation given to us, the company has not granted any loans or provided any guaratees or security in respect of any loans to any party or made any investments in body corporate covered under section 185 and 186 of the Act.

5 The Company has not accepted any deposits from the public.

6 The Central Government has not prescribed maintenance of cost records under section 148(1) of the Companies Act 2013 for products manufactured or services provided

7 (i) According to the records of the company and as per the information and explanation given to us it is generally regular in depositing with the appropriate authorities undisputed statutory dues applicable to it.

(ii) According to the information and explanation given to us there are no undisputed amount payable in respect of statutory dues that were outstanding, at the year end for a period more than six months from the date they became payable.

(iii) According to information and explanation given to us entity has no cases which are disputed in any forum in context to payment of statutory dues

8 Açcording to the records of the company examined by us and as per the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank during the year. There are no dues to any debenture holders.

9 The company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Hence the clause is not applicable to the company.

DHIRAJLAL J. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

10 During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fruad on or by the company, noticed or reported during the year, nor have we been informed of such case by the Management.

11 According to information and explanation given to us and based on our examination of the records of the company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of the Companies Act

12 In our opinion and according to the information and explanation given to us, the company is not a Nidhi Company, hence this clause is not applicable.

13 According to information and explanation given to us and based on our examination of the records of the company, transaction with related parties are in compliance with Section 177 and 188 of the Act, where applicable. The details of related party transactions have been disclosed in the financial statements as required by applicable accounting standards.

14 According to information and explanation given to us and based on 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.

15 According to information and explanation given to us and based on our examination of the records of the company, the Company has not entered into non cash transactions with directors or persons connected with him. Accordingly this clause is not applicable.

16 Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: Ahmedabad
Date: 5th February, 2020

For GUNVANTLAL J SHAH & CO
CHARTERED ACCOUNTANTS

Kushagra G Shah Mno 129586
Partner
ICAI FRN: 103409W

UDIN: 20129586AAAAAB1209

GUNVANTLAL J. SHAH & CO.
AHMEDABAD
CHARTERED ACCOUNTANTS

MOBIQUITY SOFTECH PRIVATE LIMITED
BALANCE SHEET as at December 31, 2019

(Amount in Rs)

	Notes	As at December 31, 2019	As at March 31, 2019	As at April 1, 2018
ASSETS				
Non-current assets				
Property, plant and equipment	4	6,28,77,306	3,90,18,714	1,23,03,416
Right of Use Assets	5	19,53,50,938	-	
Financial assets				
- Other financial assets	6A	53,92,225	30,77,425	49,15,375
Deferred tax assets (net)	7C	50,42,470	38,41,629	7,42,548
Total non-current assets		26,86,62,939	4,59,37,768	1,79,61,339
Current assets				
Financial assets				
- Trade receivables	8	4,13,16,215	3,41,23,253	3,83,26,990
- Cash and cash equivalents	9	1,01,09,110	1,20,82,104	59,31,954
- Unbilled revenue		2,88,05,719		
- Other financial assets	6B	5,000	4,74,862	8,05,300
Other current assets	10	2,29,01,965	1,57,45,861	42,42,310
Total current assets		10,31,38,009	6,24,26,080	4,93,06,554
Total assets		**37,18,00,948**	**10,83,63,848**	**6,72,67,893**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	11	1,02,920	1,02,920	1,02,920
Other equity		11,52,93,247	7,44,92,025	5,57,47,777
Total equity		11,53,96,167	7,45,94,945	5,58,50,697
Non-current liabilities				
Other non-current Liabilities	14A	18,57,90,865	-	
Provisions - Employee benefit obligations		2,02,03,034	1,29,80,013	34,74,585
Total non-current liabilities		20,59,93,899	1,29,80,013	34,74,585
Current liabilities				
Financial liabilities				
- Trade and other payables				
(i) Dues of micro and small enterprises		-	-	-
(ii) Others	12	29,05,410	13,05,120	12,59,553
Other financial liabilities	13	2,14,97,047	49,83,847	-
Other current liabilities	14B	2,22,38,712	40,79,469	31,59,476
Employee benefit obligations		36,69,995	6,89,461	
Current tax liabilities (net)		99,718	97,30,993	35,23,582
Total current liabilities		5,04,10,882	2,07,88,890	79,42,611
Total liabilities		25,64,04,781	3,37,68,903	1,14,17,196
Total equity and liabilities		**37,18,00,948**	**10,83,63,848**	**6,72,67,893**
		-	-	-

The accompanying notes 1 to 29 form an integral part of the financial statements
As per our report of even date

For Gunvantlal J Shah & Co
Chartered Accountants
Firm's Registration No: 103409W

Kushagra G Shah
(Partner)
Membership No : 129586

Ahmedabad, dated 5th February, 2020

For and on behalf of the Board of Directors,
Mobiquity Softech Private Limited

Director

Philip William Poresky
(Director)
DIN: 08178985

Milankumar Patel
(Director)
DIN: 07890010

GUNVANTLAL J. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

UDIN: 20129586AAAAAB1209

MOBIQUITY SOFTECH PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS

(Amount in Rs)

	Notes	For year ended December 31, 2019	For year ended March 31, 2019
INCOME			
Revenue from operations		39,40,25,424	34,76,87,166
Other Income	15	9,313	-
Total income		**39,40,34,737**	**34,76,87,166**
EXPENSES			
Employee benefits expense	16	25,49,16,988	24,48,05,794
Operation and other expenses	17	3,95,71,773	5,82,77,043
Finance Cost	18	1,31,11,079	-
Depreciation and amortisation expense	4&5	2,81,31,503	1,53,70,751
Total expenses		**33,57,31,343**	**31,84,53,588**
Profit before tax Before exceptional items		**5,83,03,394**	**2,92,33,578**
Less: Exceptional items (Acquisition related cost)		-	-
Profit before tax		**5,83,03,394**	**2,92,33,578**
Tax expense	7		
Current		1,63,69,430	1,35,88,411
Deferred (Charge/credit)		(9,36,114)	(30,99,081)
		1,54,33,316	1,04,89,330
Profit for the period		**4,28,70,078**	**1,87,44,248**
Other comprehensive income			
i) Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan		(10,51,840)	
Income tax relating to items that will not be reclassified to profit or loss		2,64,727	
Total other comprehensive income		(7,87,113)	-
Total comprehensive income for the period		**4,20,82,965**	**1,87,44,248**
Earnings per share (in Rupees)	20		
Basic		4,165.38	1,821.24
Diluted		4,165.38	1,821.24

The accompanying notes 1 to 29 form an integral part of the financial statements

As per our report of even date

For Gunvantlal J Shah & Co
Chartered Accountants
Firm Registration No: 103409W

Kushagra G Shah
(Partner)

Membership No : 129586
Ahmedabad, dated 5th February, 2020

GUNVANTLAL J. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors
Mobiquity Softech Private Limited

Director

Philip William Poresky	**Milankumar Patel**
(Director)	(Director)
DIN: 08178985	DIN: 07890010

UDIN: 20129586 AAAAAB1209

MOBIQUITY SOFTECH PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY

(Amount in Rs)

A. Equity Share Capital

	As at December 31, 2019	As at March 31, 2019	As at April 1, 2018
Outstanding at the beginning of the period	1,02,920	1,02,920	1,02,920
Issued during the period	-		
Outstanding at the end of the year	1,02,920	1,02,920	1,02,920

B. Other Equity

	Reserves and Surplus		
	Securities Premium Reserve	Retained Earnings	Total
Balances as at April 1, 2019	6,96,380	7,37,95,645	7,44,92,025
Profit for the period		4,28,70,078	4,28,70,078
Other comprehensive income		(7,87,113)	(7,87,113)
Total comprehensive income for the period		**4,20,82,965**	**4,20,82,965**
Transition impact of IND AS -116		(12,81,743)	(12,81,743)
As at December 31, 2019	6,96,380	11,45,96,867	11,52,93,247
Balances as at April 1, 2018	6,96,380	5,50,51,397	5,57,47,777
Profit for the year		1,87,44,248	1,87,44,248
Other comprehensive income			-
Total comprehensive income for the year	-	1,87,44,248	1,87,44,248
As at March 31, 2019	6,96,380	7,37,95,645	7,44,92,025

Retained earnings comprise of the accumulated undistributed earnings.

The accompanying notes 1 to 29 form an integral part of the financial statements

As per our report of even date

For Gunvantlal J Shah & Co
Chartered Accountants
Firm's Registration No: 103409W

Kushagra G Shah
(Partner)
Membership No : 129586
Ahmedabad, dated 5th February, 2020

For and on behalf of the Board of Directors

Mobiquity Softech Private Limited

Director

Philip William Poresky
(Director)
DIN: 08178985

Mobiquity Softech Private Limited

Director

Milankumar Patel
(Director)
DIN: 07890010

GUNVANTLAL J. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

UDIN : 20129586AAAAAB1209

MOBIQUITY SOFTECH PRIVATE LIMITED

CASH FLOW STATEMENT

(Amount in Rs)

Particulars	For year ended December 31, 2019	For year ended March 31, 2019
Cash Flow from operating activities		
Net Profit before tax	5,83,03,394	2,92,33,578
Adjustments for:		
Depreciation and amortization expense	99,67,530	1,53,70,751
Loss on sale of PPE (net)	-	20,176
Profit on sale of property, plant and equipments (PPE) and intagible assets (net)	(6,793)	-
Transition impact of IND AS -116	(12,81,743)	
Interest expense	9,25,295	-
Remeasurement of defined benefit obligation recognised in OCI	(10,51,840)	
Operating profit before working capital changes	**6,68,55,843**	**4,46,24,505**
Adjustments for:		
Trade receivables and other assets	(24,03,50,662)	(51,31,425)
Trade payables and other liabilities	22,45,26,621	1,59,54,435
Cash generated from operations	**5,10,31,802**	**5,54,47,515**
Direct taxes paid (net)	(2,69,26,000)	(73,81,000)
Net cash from operating activities	**2,41,05,802**	**4,80,66,515**
Cash flow from investing activities		
Purchase of PPE, Intangible assets and CWIP including advances	(2,61,90,096)	(4,19,81,365)
Proceeds from sale of PPE	1,11,300	65,000
Net cash used in investing activities	**(2,60,78,796)**	**(4,19,16,365)**
Cash flow from financing activities	-	-
Net cash used in financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	(19,72,994)	61,50,150
Cash and cash equivalents at the beginning of the period	1,20,82,104	59,31,954
Cash and cash equivalents at the end of the period (Refer note 9)	1,01,09,110	1,20,82,104

The accompanying notes 1 to 29 form an integral part of the financial statements

As per our report of even date

For Gunvantlal J Shah & Co
Chartered Accountants
Firm's Registration No: 103409W

Kushagra G Shah
(Partner)
Membership No : 129586

Ahmedabad, dated 5th February, 2020

For and on behalf of the Board of Directors
Mobiquity Softech Private Limited

M. D. Patel

Director

Philip William Poresky
(Director)
DIN: 08178985

Milankumar Patel
(Director)
DIN: 07890010

GUNVANTLAL J. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

UDIN: 20129586 ~~AAAAA~~ B1209

MOBIQUITY SOFTECH PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS

1 Corporate Information

MOBIQUITY SOFTECH PRIVATE LIMITED (“Mobiquity India” or "The Company”) is a private limited company incorporated in India under companies act 1956. The Company is engaged in software development and consultancy services.The company is focused on mobile technology solutions and provides provides end-to-end omnichannel digital consulting services.
On June 13, 2019 , Company was acquired by Hexaware technologies Ltd. Further, Hexaware Technologies Limited is a subsidiary company of HT Global IT Solutions Holdings Limited, a Mauritius based company (Ultimate Holding Company). The Holding company and Ultimate holding company follows Calendar year and therefore company made application before competent authority to allow the company to keep the current financial year as starting from 1st April, 2019 and ending on 31st December, 2019 i.e. for period of 9 months The said application was allowed by Registrar of companies, Ahmedabad on January 28, 2020. Accordingly current financial year of the company will commence on April 1, 2019 and will end on December 31, 2019

2 Significant Accounting Policies

2.1 Statement of compliance

The financial statements comply in all material aspects with Indian Accounting standards (referred to as "Ind AS") notified under Section 133 of the Companies Act, 2013 (the "Act") [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Ind AS with effect from April 1, 2019. These are the Company’s first Ind AS financial statements. The date of transition to Ind AS is April 1, 2018. Refer note 3.2 for the details of transition to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (“Previous GAAP” or “Indian GAAP”) to Ind AS.

2.2 Basis of Preparation

These financial statements are prepared on historical cost basis, except for certain financial instruments which are measured at fair values as explained in the accounting policies below.

2.3 Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expense, assets and liabilities and disclosures relating to contingent liabilities on the date of the financial statements. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the period in which the estimate is revised and in any future period affected.

2.3.1 Income-tax

The major tax jurisdictions for the Company is India though the Company also files tax returns in overseas jurisdiction. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments and deferred tax on unrecognised tax benefits. Tax assessment can involve complex issues, which can only be resolved over extended time periods.

2.3.2 Others

Other areas involving estimates relates to actuarial assumptions used to determine the carrying amount of defined benefit obligation and useful lives of Property Plant and Equipment.

2.4 Revenue Recognition

Revenue is measured at fair value of consideration received or receivable.

(a) Revenues from software solutions and consulting services are recognized based on specified terms of contract.

In case of contract on time and material basis, revenue is recognised when the related services are performed.

In case of fixed price contracts, revenue is recognized using percentage of completion method. The company uses the efforts expended to date as a proportion to the total efforts to be expended as a basis to measure the degree of completion. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provisions for estimated losses on such engagements are made during the year in which a loss becomes probable and can be reasonably estimated.

Amount received or billed in advance of services performed are recorded as unearned revenue.

Unbilled services represents revenue recognized based on services performed in advance of billing in accordance with contract terms.

(b) Revenue is reported net of discount and indirect taxes.

(c) Dividend income is recognised when the shareholders right to receive payment has been established.

(d) Interest Income is recognised using effective interest rate method.

2.5 Leases

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.
Lease liability and ROU asset have been separately presented in the Balance Sheet

2.6

(a) **Functional and presentation currency**

These financial statements are presented in Indian Rupees (Rs.), the currency of the primary economic environment in which the Company operates.

(b) **Foreign currency**

Transactions in foreign currency are recorded at the original rate of exchange in force at the time transactions are effected. Monetary items denominated in foreign currency are restated using the exchange rate prevailing on the date of Balance Sheet. The resulting exchange difference on such restatement and settlement is recognized in the profit or loss, except exchange differences on transactions entered into in order to hedge certain foreign currency risk.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the Balance Sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.7 Borrowing Cost

Borrowing cost directly attributable to the acquisition or construction of qualifying assets is capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in the profit or loss.

2.8 Employee Benefits

(a) Post-employment benefits and other long term benefit plan

Payments to defined contribution retirement schemes are recognised as an expense when the employees have rendered service entitling them to such benefits.

For defined benefit schemes and other long term benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at balance sheet date. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest) is reflected immediately in the balance sheet with a charge or credit recognized in the other comprehensive income in respect of defined benefit schmes and in the statement of profit and loss in respect of other long term benefit plans in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in the profit or loss in the period of plan amendment. The retirement benefit liability recognized in the statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the lower of the amount determined as the defined benefit liability and the present value of available refunds and / or reduction in future contributions to the scheme.

The service cost (including past service cost as well as gains and losses on settlement and curtailments) and net interest expenses or income is recognised as employee benefits expense in the profit or loss.

(b) Short term employee benefit

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period when the employee renders those services. These benefits include compensated absences such as leave expected to be availed within a year and bonus payable.

2.9 Taxes on Income

Income tax expense comprises of current tax and deferred tax. Current and deferred tax are recognised in net income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Deferred taxes are recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profits, except when the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither the accounting nor taxable profit at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Advance taxes and provisions for current income taxes as well as deferred tax assets and liabilities are presented in the Balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the entity intends to settle the asset and liability on a net basis.

2.10 Property, plant and equipment (PPE)

PPE are stated at cost of acquisition less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation

Depreciation is provided on straight-line method based on the estimated useful lives of the assets as determined by the management based on the expert technical advice/ stipulations of schedule II to the Act.

Asset Class	Estimated useful Life
Computer Systems (included in Plant and Machinery)	3 years
Telephone and electronic Equipments (included in Plant and Machinery)	5 years
Furniture and Fixtures	10 years

Improvement to Leasehold Premises are amortised over the lease period or useful life of an asset whichever is lesser.

Depreciation methods, estimated useful lives and residual values are reviewed at the end of each year and adjusted prospectively where appropriate.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on derecognition is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

2.11 Intangible assets

Intangible assets with finite useful lives that are acquired are initially recognised at cost in case of separately acquired assets and at fair value in case of acquisition in business combination. Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and impairment loss, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. Software licenses are amortised over three years.

Amortisation method, estimated useful lives and residual values are reviewed at the end of each year and adjusted prospectively where appropriate.

An intangible asset is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on derecognition is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

2.12 Impairment

(a) Financial assets (other than at fair value)

The company assesses at each balance sheet date, whether a financial asset or a group of financial assets is impaired. Ind AS 109, "Financial Instruments" requires expected credit losses to be measured through a loss allowance. The company recognizes lifetime expected losses for all contract assets and / or all trade receivables. For all other financial assets except for investments, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. In case of Investments, the Company periodically reviews its carrying value of investments for indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

(b) Non-financial assets

Tangible and Intangible assets

At the end of each reporting period, the company assesses whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs or allocated. Impairment loss is charged to the profit or loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.13 Provisions

Provisions are recognised when the company has present obligation (legal or constructive) as a result of a past event for which reliable estimate can be made of the amount of obligation and it is probable that the company will be required to settle the obligation. When a provision is measured using cash flows estimated to settle the present obligation its carrying amount is the present value of those cash flows; unless the effect of time value of money is immaterial.

2.14 Non derivative financial instruments

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

A Financial assets and financial liabilities – subsequent measurement

(i) **Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held with a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets are measured at fair value through other comprehensive income if these financial assets are held with a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

(iv) **Cash and cash equivalents**

The company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

(v) **Financial liabilities**

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

B Share capital

Equity shares

Incremental costs directly attributable to the issue or re-purchase of equity shares, net of any tax effects, are recognised as a deduction from equity.

2.15 Earnings per share (‘EPS’)

Basic EPS are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic EPS and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

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

MOBIQUITY SOFTECH PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS

3 Reconciliation between Previous GAAP and Ind AS :

(i) **Equity Reconciliation:** **(Amount in Rs)**

Particulars	As at March 31, 2019	As at April 1, 2018
Equity under Previous GAAP	**7,83,81,548**	**5,58,50,697**
Employee Benefit obligation	(61,15,139)	-
Deferred Tax adjustment on Employee benfit obligation	23,28,536	-
Equity under Ind AS	**7,45,94,945**	**5,58,50,697**

(ii) **Comprehensive income Reconciliation:** **(Amount in Rs)**

Particulars	Year ended March 31, 2019
Net Income under Previous GAAP	**2,25,30,851**
Employee Benefit obligation	(61,15,139)
Deferred Tax adjustment on Employee benfit obligation	23,28,536
Net Income under Ind AS	**1,87,44,248**
Comprehensive Income under Ind AS	**1,87,44,248**

(iii) **Cash flow Reconciliation:**
There are no material changes in cashflows reported in previous GAAP in comparison with Ind AS.

4 Property, Plant and Equipment (PPE) **(Amount in Rs)**

PPE consist of the following :

Particulars	Plant and Machinery	Furniture and Fixtures	Leasehold Improvements	Total
COST				
At April 1, 2019	6,52,26,422	1,19,16,403		7,71,42,825
Additions	2,16,23,367	23,85,933	99,21,328	3,39,30,628
(Disposals) / Adjustments	(1,35,800)			(1,35,800)
Translation exchange difference				-
At December 31, 2019	8,67,13,989	1,43,02,336	99,21,328	11,09,37,653
ACCUMULATED DEPRECIATION				
At April 1, 2019	3,66,47,074	14,77,036	-	3,81,24,110
Charge for the period	89,37,215	9,28,033	1,02,282	99,67,530
Disposals	(31,293)			(31,293)
Translation exchange difference				-
At December 31, 2019	4,55,52,996	24,05,069	1,02,282	4,80,60,347
NET CARRYING AMOUNT				
At December 31, 2019	4,11,60,994	1,18,97,267	98,19,046	6,28,77,306

Particulars	Plant and Machinery	Furniture and Fixtures	Leasehold Improvements	Total
COST				
At April 1, 2018	3,32,13,694	18,57,906	-	3,50,71,600
Additions	3,20,12,728	1,01,58,497		4,21,71,225
Disposals / adjustments		(1,00,000)		(1,00,000)
Translation exchange difference				-
At March 31, 2019	6,52,26,422	1,19,16,403	-	7,71,42,825
ACCUMULATED DEPRECIATION				
At April 1, 2018	2,17,14,623	10,53,561	-	2,27,68,184
Charge for the year	1,49,32,452	4,38,299		1,53,70,751
Disposals / adjustments		(14,824)		(14,824)
Translation exchange difference				
At March 31, 2019	3,66,47,075	14,77,036	-	3,81,24,111
NET CARRYING AMOUNT				
At March 31, 2019	2,85,79,347	1,04,39,367	-	3,90,18,714

5 Leases - Accounting Estimate

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Mobiquity's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. Refer note no 2.5

Transition

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of Rs 16,08,39,580 and a lease liability of Rs 16,21,21322. The cumulative effect of applying the standard, amounting to Rs 12, 81,743 was debited to retained earnings.

The following is the summary of practical expedients elected on initial application:
1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The incremental borrowing rate applied to lease liabilities as at April 1, 2019 as follows

Years	Rate
1-4 yrs.	8.80%
4-6 yrs.	9.00%
6-9 yrs.	9.25%
Above 60 yrs. *	9.25%

* We have assumed 6-9 yrs. rate for tenor above 60 yrs., as practically, no market rates are available for such long duration.

Following are the changes in the carrying value of right of use assets for the Nine months ended December 31, 2019:

(Amount in Rs)

Particulars	**Category of ROU asset - Buildings**
Balance as of April 1, 2019	16,08,39,580
Additions	5,26,75,331
Deletion	-
Depreciation	(1,81,63,973)
Balance as of December 31, 2019	**19,53,50,938**

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities as at December 31, 2019

(Amount in Rs)

Particulars	**As at December 31, 2019**
Current lease liabilities	1,84,97,368
Non-current lease liabilities	18,57,90,865
Total	**20,42,88,233**

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The Following table presents various components of lease cost: **(Amount in Rs)**

Particulars	**As at December 31, 2019**
Depreciation on Right of Use - Assets	1,81,63,973
Finance Cost - Lease Liability (refer note 18)	1,31,11,079
Total	**3,12,75,052**

(Amount in Rs)

MOBIQUITY SOFTECH PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

		As at December 31, 2019	As at March 31, 2019	As at April 1, 2018
6	**Other financial assets (unsecured) (considered good)**			
A	**Non-current**			
	Security deposits for premises and others	53,92,225	30,77,425	49,15,375
		53,92,225	30,77,425	49,15,375
B	**Current**			
	Employee advances	5,000	4,74,862	8,05,300
		5,000	4,74,862	8,05,300
8	**Trade Receivables (unsecured)**			
	Considered good	4,13,16,215	3,41,23,253	3,83,26,990
	Considered doubtful	-		
		4,13,16,215	3,41,23,253	3,83,26,990
	The Company's credit period generally ranges from 30 - 60 days. The age wise break up of trade receivables, net of allowances is given below			
	Not Due	-	-	-
	Due less than 180 days	4,13,16,215	3,41,23,253	3,83,26,990
	Due more than 180 days	-	-	-
		4,13,16,215	3,41,23,253	3,83,26,990
9	**Cash and bank balances:**			
	Cash and cash equivalents			
	Cash in Hand	21,370	36,178	83,191
	In current accounts with banks	1,00,87,740	1,20,45,926	58,48,763
		1,01,09,110	1,20,82,104	59,31,954
	Less: Restricted bank balances	-	-	
		1,01,09,110	1,20,82,104	59,31,954
10	**Other current assets**			
	Prepaid expenses	23,40,089	1,25,846	3,32,740
	Indirect taxes recoverable	2,04,90,709	1,55,94,015	39,09,570
	Others	71,167	26,000	
		2,29,01,965	1,57,45,861	42,42,310
12	**Trade and other payables**			
	Trade payables	15,39,711	8,720	12,59,553
	Accrued expenses	13,65,699	12,96,400	-
		29,05,410	13,05,120	12,59,553
13	**Other financial liabilities**			
	Capital creditors	79,30,393	1,89,861	-
	Employee liabilities	1,35,66,654	47,93,986	-
		2,14,97,047	49,83,847	-
14	**Other liabilities**			
A	**Non-Current**			
	Lease Liabilities	18,57,90,865	-	-
		18,57,90,865	-	-
B	**Current**			
	Current maturities of lease liabilities	1,84,97,368	-	-
	Statutory liabilities	34,75,388	39,58,662	31,59,476
	Other Liabilities	2,65,956	1,20,807	
		2,22,38,712	40,79,469	31,59,476

(Amount in Rs)

7	A	**Income taxes**	**For year ended December 31, 2019**	**For year ended March 31, 2019**
		Income tax expense is allocated as follows :		
		Income tax expense as per the Statement of Profit and Loss	1,63,69,430	1,35,88,411
			1,63,69,430	1,35,88,411
	B	The reconciliation of estimated income tax expense at the Indian statutory income tax rate to the income tax expenses reported in statement of profit and loss is as follows:		
		Profit before income-tax	5,72,51,554	2,92,33,578
		Expected tax expense at the enacted tax rate of 25.168% in India. (PY 27.82%)	1,44,09,071	81,32,781
		Tax effect of non-deductible expenses	16,12,879	53,67,642
		Short provision of taxes of earlier years	2,69,430	3,57,418
		Excess provision/(Short provision) made	78,050	(2,69,430)
			1,63,69,430	1,35,88,411

(Amount in Rs)

7C Components of deferred taxes:	April 1, 2019	Recognised in profit or loss	Recognised in OCI	December 31, 2019	March 31, 2019
Deferred tax assets					
Depreciation	15,13,093	(72,908)		14,40,185	15,13,093
Employee benefit obligations	23,28,536	34,15,101	2,64,727	60,08,364	23,28,536
ROU and Lease Libaility	-	(24,06,079)		(24,06,079)	-
Minimum alternate tax credit carry forward	-	-		-	-
Unrealised loss on cash flow hedges				-	-
Total	38,41,629	9,36,114	2,64,727	50,42,470	38,41,629
Net deferred tax asset	38,41,629	9,36,114	2,64,727	50,42,470	38,41,629
				-	

Components of deferred taxes:	April 1, 2018	Recognised in profit or loss	Recognised in OCI	March 31, 2019
Deferred tax assets				
Depreciation	7,42,548	7,70,545		15,13,093
Employee benefit obligations		23,28,536		23,28,536
Total	7,42,548	30,99,081	-	38,41,629
Net deferred tax asset	7,42,548	30,99,081	-	38,41,629

MOBIQUITY SOFTECH PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS

11 Equity Share Capital

(Amount in Rs)

		As at December 31, 2019	As at March 31, 2019	As at April 1, 2018
11.1	Authorised capital			
	20,000 Equity shares of Rs. 10 each	2,00,000	2,00,000	2,00,000.00
11.2	Issued, subscribed and paid-up capital			
	Equity shares of Rs. 10 each	1,02,920	1,02,920	1,02,920
11.3	Reconciliation of number of shares			
	Shares outstanding at the beginning of the period/ year	10,292	10,292	10292
	Shares issued during the period/ year	-	-	-
	Shares outstanding at the end of the period/ year	10,292	10,292	10292

11.4 Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. The Company has not declared any dividend during the period. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all liabilities, in proportion to their shareholding.

11.5 Details of shares held by shareholders holding more than 5% shares

Name of Shareholder

Hexaware Technologies Limited(including one equity share held by Mr. Riten Gosar as nominee of the holding company)	No. of shares held	10,292		
	% of holding	100.00%		
Mobiquity BV(The holding Company based in netherland.)			10,291	10,291
			99.99%	99.99%

On June 13, 2019 , holding company changed from Mobiquity BV to Hexaware Technologies Ltd

MOBIQUITY SOFTECH PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

(Amount in Rs)

		For year ended December 31, 2019	For year ended March 31, 2019
15	**Other income**		
	Profit on sale of PPE (net)	6,793	-
	Miscellaneous income	2,520	-
		9,313	-
16	**Employee benefits expense**		
	Salary and allowances	23,89,03,424	23,23,17,705
	Contribution to provident and other funds	31,87,401	22,93,200
	Gratuity & Leave encashment expenses	1,01,13,345	1,01,94,889
	Staff welfare expenses	27,12,818	-
		25,49,16,988	24,48,05,794
17	**Operation and other expenses**		
	Rent	58,93,297	2,02,78,891
	Commission expense	3,85,800	19,00,000
	Travelling and conveyance	85,25,781	93,24,445
	Electricity charges	20,39,331	22,88,830
	Communication expenses	24,63,516	42,47,194
	Repairs and maintenance	20,30,504	-
	Office Expense	30,90,206	77,78,391
	Auditors remuneration	4,17,000	67,000
	Legal and professional fees	22,92,795	21,31,056
	Training expense	9,34,509	12,15,109
	Bank and other charges	13,480	19,924
	Exchange Loss/ gain (net)	38,70,614	32,71,309
	Insurance charges	24,93,210	21,27,215
	Loss on sale of PPE (net)	-	20,176
	Staff recruitment expenses	14,98,652	18,91,111
	Service charges	19,61,417	17,16,392
	Miscellaneous expenses	16,61,661	-
		3,95,71,773	5,82,77,043
18	**Finance Cost**		
	Interest on lease liability	1,31,11,079	-
		1,31,11,079	-

22 Employee benefit expenses

22.1 Employee benefit plans

i) **Provident Fund and Superannuation Fund and other similar funds**

a) In respect of employees in India

Both the employees and the Company make monthly contributions to the Provident Fund Plan equal to a specified percentage of the covered employee's salary. The company is contributing to the Government administered employee Provident and Pension Fund.

During the year, the Company has recognized expenses towards contributions to provident fund and other funds of Rs. 31,87,401 (Previous year Rs 22,93,200)

22.2 Employee benefit plans (contd.)

ii) **Gratuity Plan**

The gratuity plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment based on completed years of service or part thereof in excess of six months based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company. Vesting occurs on completion of specified years of service.

The following table sets out the status of the gratuity plan for the year ended: **(Amount in Rs)**

Particulars	**December 31, 2019**	**March 31, 2019**
Change in Defined Benefit Obligation		
Opening defined benefit obligation	**83,70,008**	**-**
Current service cost	27,71,444	
Interest cost	4,27,346	
Adjustment for remeasurement of defined benefit plan		
- Actuarial loss/(gains) arising from change in financial assumptions	2,50,598	
- Actuarial loss/(gains) arising from change in demographical assumptions		
- Actuarial loss/(gains) arising on account of experience changes	8,01,242	
Benefits paid	(1,97,885)	
Closing defined benefit obligation	***1,24,22,753***	***83,70,008***
Change in the Fair Value of Assets		
Opening fair value of plan assets	**-**	
Interest on plan assets	-	
Remeasurement due to actual return on plan assets less interest on plan assets	-	
Contribution by employer	1,97,885	-
Benefits paid	(1,97,885)	-
Closing fair value of plan assets	**-**	**-**
Net liability as per actuarial valuation	***1,24,22,753***	***83,70,008***
Expense charged to statement of profit and loss:		
Current service cost	27,71,444	-
Net interest on defined benefit plan	4,27,346	
Total Included in Employment expenses	***31,98,790***	**-**
Amount recognised in other comprehensive income:		
Remeasurement of defined benefit plan due to -		
- changes in financial assumptions	2,50,598	-
- changes in demographical assumptions	-	-
- Experience adjusments	8,01,242	-
- Actual return on plan assets less interest on plan assets	-	-
Total amount recognised in other comprehensive income	***10,51,840***	**-**
Actual return on plan assets	**-**	**-**

Financial assumptions at the valuation date	**December 31, 2019**	**March 31, 2019**
Discount rate	6.80%	7.10%
Rate of increase in compensation levels of covered employees *	8.00%	8.00%

* The estimates of future salary increases considered in actuarial valuation takes into account the inflation, seniority, promotions and other relevant factors.

The following table summarises the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points:

Impact on defined benefit obligation	**December 31, 2019**		**March 31, 2019**	
	Discount Rate	**Salary Escalation Rate**	**Discount Rate**	**Salary Escalation Rate**
Increase in 50 bps	-3.32%	3.42%	-3.38%	3.50%
Decrease in 50 bps	3.53%	-3.27%	3.58%	-3.35%

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

Projected plan cash flow

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date.

Maturity profile	**Amount in Rs**
Year 1	12,93,947
Year 2	12,15,230
Year 3	15,19,179
Year 4	16,82,774
Year 5	16,09,497
Thereafter	1,45,14,210

The weighted average duration to the payment of these cash flows is 6.84 years.

MOBIQUITY SOFTECH PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS

20 Earnings per share **(Amount in Rs)**

The components of basic and diluted earnings per share (EPS) were as follows:

Particulars	For The Year ended December 31, 2019	For The Year ended March 31, 2019
Net profit after tax (Rupees)	4,28,70,078	1,87,44,248
Weighted average outstanding equity shares considered for basic EPS (Nos.)	10,292	10,292
Basic earnings per share (In Rupees)	4,165.38	1,821.24
Weighted average outstanding equity shares considered for basic EPS (Nos.)	10,292	10,292
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	10,292	10,292
Diluted earnings per share (In Rupees)	4,165.38	1,821.24

21 Related party disclosures

Name of the Related Parties	Country
Ultimate Holding company and its Subsidiaries	
Baring Private Equity Asia GP V. LP (ultimate holding entity) (control exists)	Cayman Island
The Baring Asia Private Equity Fund V, LP	Cayman Island
Baring Private Equity Asia V Mauritius Holding (4) Limited	Mauritius
Mobiquity Inc (Ceased to w.e.f. 13-6-2019)	
HT Global IT Solutions Holdings Limited	Mauritius
Holding Company (control exists)	
Hexaware Technologies Limited (w.e.f 14-6-2019)	Mauritius
Mobiquity BV (ceased w.e.f 13-6-2019)	
Affiliated Subisdiary	
Hexaware Technologies Inc.	United States of America
Hexaware Technologies UK Ltd.	United Kingdom
Hexaware Technologies Asia Pacific Pte. Ltd.	Singapore
Hexaware Technologies GmbH.	Germany
Hexaware Technologies Canada Ltd.	Canada
Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
Guangzhou Hexaware Information Technologies Company Limited	China
Hexaware Technologies LLC	Russia
Hexaware Technologies Saudi LLC	Saudi Arabia
Hexaware Technologies Romania SRL (1)	Romania
Hexaware Technologies Hong Kong Limited	China
Hexaware Technologies Nordic AB	Sweden
Hexaware Information Technologies (Shanghai) Company Limited	China
Mobiquity Inc (3)	USA
Mobiquity Velocity Solutions, Inc (4)	USA
Mobiquity Velocity Cooperative UA (4)	Netherland
Mobiquity BV (5)	Netherland
Morgan Clark BV (5)	Netherland
Montana Merger Sub Inc. (6)	USA
Affiliated Associate	
Experis Technology Solutions Pte Ltd (2)	Singapore
Key Management Personnel (KMP)	
Executive Director	
Mr Milan Patel	

Notes:

1. Subsidiary of Hexaware Technologies UK Ltd.
2. Associate of Hexaware Technologies Asia Pacific Pte Ltd .
3.Subsidiary of Hexaware Technologies Inc .W.e.f 14th June 2019
4. Subsidiary of Mobiquity Inc.
5. Subsidiary of Mobiquity Velocity Cooperative UA
6. Formed on June 7, 2019 as subsidiary of Hexaware Technologies Inc and merged with Mobiquity Inc, on June 13, 2019

MOBIQUITY SOFTECH PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS

(Amount in Rs)

Details of transactions and balances with party wise details for transactions in excess of 10% of the total transactions

Nature of transactions	Name of the Related party and Relationship	For the year ended December 31, 2019	For the year ended March 31, 2019
Software and consultancy income	**Holding Compnay**		
	Mobiquity BV (upto 13-6-2019)	9,20,81,359	34,76,87,166
		9,20,81,359	**34,76,87,166**
	Affiliated subisdiary		
	Mobiquity BV (from 14-6-2019 to 31-12-2019)	30,19,44,065	-
		30,19,44,065	**-**
Remuneration to KMP's and Directors			
	Short term employee benefits	35,37,980	30,84,469
		35,37,980	**30,84,469**

Outstanding Balances			(Amount in Rs)
Name of the Related party and Relationship	**As at December 31, 2019**	**As at March 31, 2019**	**As at April 1, 2018**
Holding company			
- Mobiquity BV, Netherland		3,41,23,253	3,83,26,990
Affiliated Subsidiaries		-	-
Trade and other receivable			
- Mobiquity BV, Netherland	4,13,16,215	-	-
Unbilled Revenue			
- Mobiquity BV, Netherland	2,88,05,719		-

MOBIQUITY SOFTECH PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS

23 Contingent liabilities

There is no Contingent liabilities as at December 31, 2019

24 Material events after Balance Sheet date

There is no significant event after reporting date which requires amendments or disclosure to the financial statements

25 The company operates under one segment and no separate disclosure is made. The company provides Software development services and provides services to customer based in only one geographic location

26 Disclosure pursuant to amount due to Micro, Small and Medium Entreprise is as under:

Sr No	Particulars	As at December 31, 2019	As at March 31, 2019
1	Amount due to vendor	-	-
2	Principal amount paid (includes unpaid beyond appointed date)	-	-
	Interest due and paid/payable for the year	-	-
	Interest accrued and remaining unpaid	-	-

Due to Micro , Small and medium enterprise have been determined to the extent such parties have been identified on the basis of information collected by the management

27 The Company is required to comply with the transfer pricing regulations under Section 92-92F of the Income Tax-Act, 1961. The management is of the opinion that its international transactions are at arms length and that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

28 Approval of financial statements

The financial statements were approved for issue by the Board of Directors on February 5, 2020

29 Figures of Previous years are regrouped and reclassified wherever necessary