

BSR & Co. LLP

Chartered Accountants

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Independent Auditor's Report

To the Members of Fractal Analytics Private Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Fractal Analytics Private Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its associate, which comprise the consolidated balance sheet as at 31 March 2023, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated 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 consolidated state of affairs of the Group and its associate as at 31 March 2023, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

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 Consolidated Financial Statements* section of our report. We are independent of the Group and its associate in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's directors' report, but does not include the financial statements and auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

Registered Office:

BSR & Co. (a partnership firm with Registration No. BA61223) converted into BSR & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

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Independent Auditor's Report (Continued)

Fractal Analytics Private Limited

consolidated financial statements or our knowledge obtained in the 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 and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and the respective Board of Directors of its associate are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

Independent Auditor's Report (Continued)

Fractal Analytics Private Limited

estimates and related disclosures 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 in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company 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 Matters

- a. We did not audit the financial statements of 5 subsidiaries, whose financial statements reflect total assets (before consolidation adjustments) of Rs. 446 million as at 31 March 2023, total revenues (before consolidation adjustments) of Rs. 482 million and net cash outflows (before consolidation adjustments) amounting to Rs. 7 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.



Independent Auditor's Report (Continued)

Fractal Analytics Private Limited

- b. The financial statements/financial information of 19 subsidiaries, whose financial statements/financial information reflect total assets (before consolidation adjustments) of Rs. 1,908 million as at 31 March 2023, total revenues (before consolidation adjustments) of Rs. 2,966 million and net cash outflows (before consolidation adjustments) amounting to Rs. 65 million for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. These unaudited financial statements/unaudited financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India 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, based on our audit and on the consideration of reports of the other auditors we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors, except that in respect of two subsidiaries, the back-up of a project ticketing software which forms part of the 'books of account and other relevant books and papers in electronic mode' of those subsidiaries, has not been maintained on the servers physically located in India.
 - c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate company incorporated in India, none of the directors of the Group companies and its associate company incorporated in India is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act except that one director of a subsidiary company has not provided written representation as required in terms of section 164(2) of the Act. In the absence of such representation, we are unable to comment whether the said director is disqualified from being appointed as director under Section 164(2) of the Act as at 31 March 2023
 - f. the observation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2A(b) above.



Independent Auditor's Report (Continued)

Fractal Analytics Private Limited

- g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. 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 and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the "Other Matters" paragraph:
- a. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2023 on the consolidated financial position of the Group and its associate. Refer Note 40 to the consolidated financial statements.
- b. The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2023.
- c. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies and associate company incorporated in India during the year ended 31 March 2023.
- d (i) The management has represented to us that, to the best of its knowledge and belief, as disclosed in the Note 42 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary companies and associate company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiary companies and associate company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented to us that, to the best of its knowledge and belief, as disclosed in the Note 42 to the consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiary companies and associate company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary companies and associate company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The Holding Company and its subsidiary companies and associate company incorporated in India has neither declared nor paid any dividend during the year.
- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company or any of such subsidiary companies and associate company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.



Independent Auditor's Report (Continued)

Fractal Analytics Private Limited

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us the provisions of Section 197 of the Act are not applicable to the Holding Company, its subsidiary companies and associate company incorporated in India since none of these companies is a public company. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022



Rajesh Mehra

Partner

Place: Mumbai

Membership No.: 103145

Date: 19 July 2023

ICAI UDIN:23103145BGXWXI8341

Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of Fractal Analytics Private Limited for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(xxi) In our opinion and according to the information and explanations given to us, following companies incorporated in India and included in the consolidated financial statements, have certain remarks given by the respective auditors in their reports under the Companies (Auditor's Report) Order, 2020 (CARO):

Sr. No.	Name of the entities	CIN	Holding Company/Subsidiary/ JV/ Associate	Clause number of the CARO report which is unfavourable or qualified or adverse
(i)	Analytics Vidhya Educon Private Limited	U80904MP2014P TC032389	Subsidiary	Clause (xvii) relating to Cash losses
(ii)	Sensforth AI Research Private Limited	U72900KA2017P TC101706	Subsidiary	Clause (xvii) relating to Cash losses

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Rajesh Mehra

Partner

Place: Mumbai

Date: 19 July 2023

Membership No.: 103145

ICAI UDIN:23103145BGXWXI8341

Annexure B to the Independent Auditor's Report on the consolidated financial statements of Fractal Analytics Private Limited for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of Fractal Analytics Private Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company, as of that date.

In our opinion, the Holding Company, has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Holding Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Holding Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note. 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 the Holding 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements.



Annexure B to the Independent Auditor's Report on the consolidated financial statements of Fractal Analytics Private Limited for the year ended 31 March 2023 (Continued)

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248WW-100022



Rajesh Mehra

Partner

Place: Mumbai

Membership No.: 103145

Date: 19 July 2023

ICAI UDIN:23103145BGXWXI8341

Fractal Analytics Private Limited

Consolidated Balance sheet as at March 31, 2023

		(in Rupees million)	
Particulars	Note	As at March 31, 2023	As at March 31, 2022
ASSETS			
(A) Non-current assets			
(a) Property, plant and equipment	(3)	412	495
(b) Right-of-use assets	(4)	468	459
(c) Goodwill	(5)	3,475	3,261
(d) Other Intangible assets	(6)	1,229	1,304
(e) Intangible assets under development	(6.1)	7	299
(f) Investment accounted for under the equity method	(7)	4,479	-
(g) Financial assets			
(i) Investments	(7)	12	12
(ii) Other financial assets	(11)	267	181
(h) Deferred tax assets (net)	(13)	399	367
(i) Income tax assets (net)		162	140
(j) Other non-current assets	(12)	40	26
Total non-current assets (A)		10,950	6,544
(B) Current assets			
(a) Financial assets			
(i) Investments	(7)	2,906	4,023
(ii) Trade receivables	(8)	5,009	3,958
(iii) Cash and cash equivalents	(9a)	2,132	1,832
(iv) Bank balances other than (iii) above	(9b)	71	419
(v) Loans	(10)	269	492
(vi) Other financial assets	(11)	-	83
(b) Other current assets	(12)	1,150	1,099
Total current assets (B)		11,537	11,906
Total assets (A+B)		22,487	18,450
EQUITY AND LIABILITIES			
(A) Equity			
(a) Share capital	(14)	31	31
(b) Other equity	(15)	13,400	9,549
Equity attributable to equity holders of the company		13,431	9,580
(c) Non-controlling interest		203	1,450
Total equity (C)		13,634	11,030
(B) Liabilities			
(I) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	(16)	3,221	2,985
(ii) Lease liabilities	(30)	243	279
(iii) Other financial liabilities	(18)	140	13
(b) Provisions	(20)	118	120
(c) Deferred tax liabilities (net)	(13)	1,016	-
Total non-current liabilities (D)		4,738	3,397
(II) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	(16)	35	24
(ii) Lease liabilities	(30)	273	264
(iii) Trade payables	(17)		
- Total outstanding dues of micro enterprise and small enterprises		5	4
- Total outstanding dues of creditors other than micro enterprises and small enterprises		566	622
(iv) Other financial liabilities	(18)	1,866	1,395
(b) Other current liabilities	(19)	1,242	1,673
(c) Provisions	(20)	110	17
(d) Current tax liabilities (net)		18	25
Total current liabilities (E)		4,115	4,023
Total liabilities (D+E)		8,853	7,420
Total Equity and Liabilities (C+D+E)		22,487	18,450

Significant accounting policies

The accompanying notes from 1 to 45 form an integral part of the consolidated financial statements.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration Number: 101248W/W-100022



Raiesh Mehra

Partner

Membership Number: 103145

Mumbai

Date: July 19, 2023

For and on behalf of the Board of Directors of
Fractal Analytics Private Limited

CIN: U72400MH2000PTC125369



Srikanth Velamakanni

Whole-time Director

DIN: 01722758

New Delhi

Date: July 19, 2023



Gulu Mirchandani

Director

DIN: 00026664

Mumbai

Date: July 19, 2023



Somya Agarwal

Company Secretary

Membership number: A17336

Mumbai

Date: July 19, 2023

Fractal Analytics Private Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2023

		(in Rupees million)	
Particulars	Note	Year ended March 31, 2023	Year ended March 31, 2022
(1) Income			
(a) Revenue from operations	(21)	19,854	12,953
(b) Other income	(22)	583	187
Total Income		20,437	13,140
(2) Expenses			
(a) Employee benefits expense	(23)	17,672	11,079
(b) Finance costs	(24)	453	139
(c) Depreciation and amortization expense	(25)	781	688
(d) Other expenses	(26)	3,346	2,709
Total Expenses		22,252	14,615
(3) Loss before share of (loss) of an associate and exceptional items (1-2)		(1,815)	(1,475)
(4) Share of (loss) of associate	(38)	(290)	-
(5) Loss before exceptional items and tax (3-4)		(2,105)	(1,475)
(6) Exceptional items	(26.1)	5,239	-
(7) Profit/(Loss) before tax (5-6)		3,134	(1,475)
(8) Tax expense	13(c)		
(a) Current Tax			
- For the year		174	(1)
- Tax adjustment for earlier year		5	25
(b) Deferred tax charge / (credit)	13(a)	1,011	(15)
Total tax expense		1,190	9
(9) Profit/(Loss) for the year (7-8)		1,944	(1,484)
(10) Other comprehensive income			
(1) Items that will not be reclassified subsequently to profit or loss			
(a) Remeasurement of defined employee benefit plans		24	(29)
(b) Income tax on item (a) above		(7)	(0)
(c) Share of changes recognised in other comprehensive income by the associate (net of taxes)		1	-
(2) Items that will be reclassified subsequently to profit or loss			
(a) Exchange differences on translation of foreign operations		79	110
Total other comprehensive income / (loss)		97	81
(11) Total comprehensive income / (loss) for the year		2,041	(1,403)
Profit / (Loss) for the year attributable to:			
Equity holders of the parent		2,030	(1,467)
Non-Controlling Interest		(86)	(17)
Total		1,944	(1,484)
Other comprehensive income / (loss) for the year attributable to:			
Equity holders of the parent		97	81
Non-Controlling Interest*		0	0
Total		97	81
Total comprehensive income / (loss) for the year attributable to:			
Equity holders of the parent		2,127	(1,386)
Non-Controlling Interest		(86)	(17)
Total		2,041	(1,403)
Earnings per share (Rupees per share)	(39)		
Face value of Rs 1 each			
(1) Basic EPS		66.96	(53.43)
(2) Diluted EPS		62.08	(53.43)

*denotes amount less than Rs 1 million

Significant accounting policies

The accompanying notes from 1 to 45 form an integral part of the consolidated financial statements.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration Number: 101248W/W-100022



Rajesh Mehra

Partner

Membership Number: 103145

Mumbai

Date: July 19, 2023

For and on behalf of the Board of Directors of

Fractal Analytics Private Limited

CIN: U72400MH2000PTC125369



Srikanth Velamakanni

Whole-time Director

DIN: 01722758

New Delhi

Date: July 19, 2023



Gulu Mirchandani

Director

DIN: 00026664

Mumbai

Date: July 19, 2023



Somya Agarwal

Company Secretary

Membership number: A17336

Mumbai

Date: July 19, 2023

Particulars	(in Rupees million)	
	Year ended March 31, 2023	Year ended March 31, 2022
(A) Cash flows from operating activities		
Profit / (Loss) before tax	3,134	(1,475)
Adjustment for:		
Interest on bank deposits and loan to directors	(12)	(16)
Interest income on unwinding of security deposits	(11)	(9)
Net gain on redemption/fair valuation of financial instruments	(165)	(49)
Gain on deemed loss of control of subsidiary company (refer note 38)	(5,410)	-
Foreign exchange (gain)/loss	(33)	(15)
Employee stock option expense	1,587	219
Interest expense	433	75
Depreciation and amortization expense	536	449
Amortization and interest expense on right of use asset	246	299
Group's share of losses in associate entity	290	-
Provision for tax settlement	80	-
Impairment in value of assets	171	-
Bad Debts	-	10
Provision for Bad Debts and doubtful advances	54	4
Other current asset written off	-	150
Unrealised (loss)/gain on derivative forward contracts	45	(1)
Operating cash flow before working capital changes	945	(359)
Adjustment for changes in working capital:		
(Increase) in trade receivables	(1,347)	(1,603)
Decrease / (Increase) in other current financial assets	96	(69)
(Increase) in other non current financial assets	(82)	(21)
(Increase) in other current assets	(259)	(425)
(Increase) / Decrease in other non current assets	(14)	8
Increase in trade payables	54	292
Increase in other non current financial liabilities	140	-
Increase in other current financial liabilities	616	157
Increase / (Decrease) in provisions	45	(7)
(Decrease) / Increase in other current liabilities	(288)	1,059
(Decrease) in other non current liabilities	-	(29)
Cash used in operations	(94)	(997)
Tax paid (net of refunds)	(212)	(170)
Net cash flow (used in) operating activities	(306)	(1,167)
(B) Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(339)	(506)
Loans repaid / (given)	251	(492)
Payment towards acquisition of business, net of cash acquired	1	(3,572)
Movement in bank deposits (net)	182	(415)
Payment of deferred consideration	(137)	-
Purchase of mutual fund investments	(6,651)	(10,549)
Maturity proceeds of sale of mutual fund units	7,939	7,624
Interest on bank deposits	4	16
Net cash flow generated / (used in) investing activities	1,250	(7,994)
(C) Cash flow from financing activities		
Proceeds from issue of equity shares (including securities premium) and share application money	151	786
Proceeds from issue of Compulsorily convertible preference shares	-	6,874
Proceeds from issue of equity shares issued by subsidiary company to Non controlling interest	14	6
Proceeds from issue of Compulsorily convertible preference shares issued by subsidiary company to Non controlling interest	-	15
Repayment of Lease liabilities (Refer Note 30)	(325)	(286)
Interest paid during the year	(389)	(237)
Repayments of borrowing	(25)	(2,946)
Proceeds from borrowings	-	3,025
Net cash flow generated from / (used in) financing activities	(574)	7,237
Net increase / (decrease) in cash and cash equivalents (A+B+C)	370	(1,924)
Cash and cash equivalents at the beginning of the year	1,832	3,727
Derecognition of Cash and cash equivalent of subsidiary	(159)	-
Effect of exchange rate changes	89	29
Cash and cash equivalents at the end of the year	2,132	1,832
Cash and cash equivalents comprise of:		
Cash in hand	0	1
Balance with banks:		
In current accounts	2,132	1,813
In fixed deposit account with original maturity of 3 months or less	-	18
Total cash and cash equivalents	2,132	1,832

- The above Consolidated Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.
- Refer note 30 on non cash transactions on lease liabilities under financing activities.
- Purchase of property, plant and equipment and intangibles are shown inclusive of movements in Intangible asset under development.

3. Details of borrowings

Particulars	March 31, 2023	March 31, 2022
Balance at the beginning of the year	3,009	2,929
Cash movement (net)	(25)	79
Foreign currency fluctuation adjustment	272	1
Balance at the end of the year	3,256	3,009

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

Rajesh Mehra

Partner

Membership Number: 103145

Mumbai

Date: July 19, 2023

For and on behalf of the Board of Directors of

Fractal Analytics Private Limited

CIN: U22400MH2000PTC125369

Srinanth Velamakanni

Whole-time Director

DIN: 01722758

New Delhi

Date: July 19, 2023

Gulu Mirchandani

Director

DIN: 00026664

Mumbai

Date: July 19, 2023

Somya Agarwal

Company Secretary

Membership number: A17336

Mumbai

Date: July 19, 2023

Fractal Analytics Private Limited

Consolidated Statement of Changes in equity for the year ended March 31, 2023

(A) Equity share capital

(In Rupees million)

Particulars	Note	Amount
Balance as at April 1, 2021		24
Changes in equity share capital during the year (including amount received for partly paid up shares)	(14)	2
Balance as at March 31, 2022		26
Balance as at April 1, 2022		26
Changes in equity share capital during the year*	(14)	0
Balance as at March 31, 2023		26

* Amounts less than Rs 1 Million

(B) Compulsorily Convertible Preference share capital

(In Rupees million)

Particulars	Note	Amount
Balance as at April 1, 2021		-
Changes in preference share capital during the year	(14)	5
Balance as at March 31, 2022		5
Balance as at April 1, 2022		5
Changes in preference share capital during the year	(14)	-
Balance as at March 31, 2023		5

(C) Other equity

(In Rupees million)

Particulars	Reserve and Surplus				Share application money pending allotment	Items of other comprehensive income Exchange differences on translating the financial statements of a foreign operation	Total attributable to equity holders of the Company	Attributable to Non controlling interest	Total equity
	Securities premium reserve	Employee stock option reserve	Retained earnings	Remeasurement of defined benefit plans					
Balance as at April 1, 2021	4,010	444	(1,219)	(122)	0	(23)	3,090	1,238	4,328
Issue of equity shares*	785	-	-	-	(0)	-	785	6	791
Issue of Compulsorily Convertible Preference shares	6,870	-	-	-	-	-	6,870	15	6,885
Non controlling interest arising on account of business combination (Refer note 35)	-	-	-	-	-	-	-	179	179
Employee stock option expense (Refer note 33)	-	189	-	-	-	-	189	30	219
Transfer to retained earnings on account of vested ESOP	-	(25)	26	-	-	-	1	(1)	-
Transfer to securities premium on account of exercised ESOP	121	(121)	-	-	-	-	-	-	-
Profit/(loss) for the year	-	-	(1,467)	(29)	-	110	(1,386)	(17)	(1,403)
Balance as at March 31, 2022	11,786	487	(2,660)	(151)	-	87	9,549	1,450	10,999
Balance as at April 1, 2022	11,786	487	(2,660)	(151)	-	87	9,549	1,450	10,999
Issue of equity shares	148	-	-	-	-	-	148	14	162
Share application money received during the year	-	-	-	-	3	-	3	-	3
Derecognition of non controlling interest due to change in relationship from subsidiary entity to associate entity (Refer note 38)	-	-	-	-	-	-	-	(1,189)	(1,189)
Transfer of other comprehensive loss of associate entity to retained earnings	-	-	(6)	6	-	-	-	-	-
Employee stock option expense (Refer note 33)	-	1,573	-	-	-	-	1,573	14	1,587
Transfer to retained earnings on account of vested ESOP*	-	(0)	0	-	-	-	-	-	-
Transfer to securities premium on account of exercised ESOP	43	(43)	-	-	-	-	-	-	-
Profit/(loss) for the year	-	-	2,030	18	-	79	2,127	(86)	2,041
Balance as at March 31, 2023	11,977	2,017	(636)	(127)	3	166	13,400	203	13,603

*Amount less than Rs 1 Million

Nature and purpose of reserves

(a) **Securities premium reserve:** The amount received in excess of face value of the equity shares is recognised in securities premium. It can be used only in accordance with provisions of Companies Act, 2013 for specified purposes.

(b) **Employee stock option reserve:** This relates to stock options granted by the parent to its employees under an Employee stock options plan.

(c) **Retained earnings:** Retained earnings are the profits that the Group has earned till date net of appropriations.

(d) **Exchange differences on translating the financial statements of a foreign operation :** Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency i.e. Rs. are recognised directly in the other comprehensive income and accumulated in foreign currency translation reserve. Exchange difference previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

(e) **Share application money pending allotment:** Share application money pending allotment represents application money received on account of employees stock option scheme

The accompanying notes from 1 to 45 form an integral part of the consolidated financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors of
Fractal Analytics Private Limited

CIN: U72400MH2000PTC125369

Rajesh Mehra
Partner
Membership Number: 103145

Mumbai
Date: July 19, 2023

Srikanth Velamakanni
Whole-time Director
DIN: 01722758

New Delhi
Date: July 19, 2023

Gulu Mirchandani
Director
DIN: 00026664

Mumbai
Date: July 19, 2023

Somya Agarwal
Company Secretary
Membership number: A17336

Mumbai
Date: July 19, 2023

Fractal Analytics Private Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2023

1. Corporate Information

Fractal Analytics Private Limited ('Fractal' or 'the Company' or 'the Parent') is a private limited Company, incorporated and domiciled in India. The Company and its subsidiaries (hereinafter referred to as 'the Group') is the leading provider of advanced analytics that helps companies leverage data driven insights in taking considered decisions. The analytics solution of Fractal helps companies to enhance profitability by powering their customer management efforts with scientific decision making.

The registered office of the Parent Company is located at Level 7, Commerz II, International Business Park, Oberoi Garden City, Western Express Highway, Goregaon (E), Mumbai, India.

Significant accounting policies followed by the Group

2.1 Basis of Preparation

These consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The consolidated financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), Employees Stock Option plan as per fair value of the option and Employee's Defined Benefit Plan as per actuarial valuation.

The consolidated financial statements are presented in Indian rupees (INR), which is Group's presentation currency. All values are rounded off to nearest Million, except when otherwise indicated.

These consolidated financial statements were authorised for issuance by the Board of Directors at their meeting held on July 19, 2023.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at and for the year ended March 31, 2023.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.2 Business Combination

- (i) The Group accounts for each business combination by applying the acquisition method. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.
- (ii) Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity.
- (iii) The Group measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred less the net recognized amount of the identifiable assets acquired and



Fractal Analytics Private Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2023

liabilities (including contingent liabilities in case such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably) assumed. When the

fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognized as capital reserve.

- (iv) Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration. Consideration transferred does not include amounts related to settlement of pre-existing relationships.
- (v) Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognised in the Consolidated Statement of Profit and Loss.
- (vi) Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.
- (vii) Non-controlling interest is measured at proportionate share in the recognised amounts of the acquiree's identifiable net assets.
- (viii) Any goodwill that arises on account of such business combination is tested annually for impairment.

2.3 Loss of control

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- (i) Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- (ii) Derecognises the carrying amount of any noncontrolling interests.
- (iii) Derecognises the cumulative translation differences recorded in equity.
- (iv) Recognises the fair value of the consideration received.
- (v) Recognises any surplus or deficit in profit or loss.
- (vi) Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed off the related assets or liabilities.

2.4 Investment in associate

- (i) An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Investments in associates are accounted for using the equity method unless otherwise stated.



Fractal Analytics Private Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2023

- (ii) Under the equity method, on initial recognition the investment in an associate is recognised at cost. The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition, unless the share purchase agreement specify otherwise. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

2.5 Property, plant and equipment ('PPE')

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Such cost includes its purchase price including inward freight duties, taxes and all incidental expenses incurred to bring the asset to its present location and condition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Capital work in progress includes cost of PPE under development as at the Balance Sheet date and is carried at cost, comprising of direct cost and directly attributable cost.

The carrying amount of PPE is eliminated from the consolidated financial statements, either on disposal or when retired from active use. Losses/gains arising on derecognition of the PPE is recognised in the statement of profit or loss.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to consolidated statement of profit or loss during the reporting period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation

Depreciation on PPE has been provided on straight line method as per the estimated useful lives. The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates.

Rate of depreciation where there are property, plant and equipment:

Description of assets	Useful life of assets
Furniture and fixtures	3 - 10 years
Office equipment	3 - 5 years
Leasehold improvements	Over the period of lease
Computers and accessories	3 - 5 years
Vehicles	8 years

2.6 Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the asset can be measured reliably.

The intangible assets such as software and intellectual property are stated at cost less accumulated amortization and impairment losses if any. Cost comprises of the acquisition price, and any cost



Fractal Analytics Private Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2023

directly attributable and allocable on a reasonable basis for making the asset ready for its intended use.

Intangible assets under development includes intellectual property under development as at the balance sheet date. Product development costs are incurred on developing/upgrading the software products to launch new service modules and functionality to provide an enhanced suite of services. These development costs are capitalized and recognised as an intangible asset when the following can be demonstrated:

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

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure are recognised in the statement of profit or loss as incurred.

Amortization

Amortization is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets from the date that they are available for use. The estimated useful lives are as follows:

Description of assets	Useful life of assets (Years)
Intellectual Property	3 – 5
Computer Software	3
Client Relationships	3
Patent	3
Brand	5
Developed Content	10
Internally generated intangible asset	3-5

The amortisation period and the amortisation method for an intangible asset are reviewed at the end of each financial year. Changes in the expected useful life are considered to modify the amortisation period and are treated as changes in accounting estimates.

Intangible assets are amortised over their expected useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses on disposals are determined by comparing net disposal proceeds with carrying amount. These are included in the statement of profit and loss.

2.7 Impairment of property, plant and equipment and intangible assets

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Groups' each class of the property, plant and equipment or intangible assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The



Fractal Analytics Private Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2023

recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. Intangible under development are tested for impairment annually.

Impairment of non-financial assets

Goodwill represents the excess of consideration transferred, together with the amount of non-controlling interest in the acquiree, over the fair value of the Group's share of identifiable net assets acquired. Goodwill is measured at cost less accumulated impairment losses. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of a cash-generating unit to which goodwill is allocated, the goodwill associated with the disposed cash-generating unit is included in the carrying amount of the cash-generating unit when determining the gain or loss on disposal.

2.8 Foreign Currency translation

Functional and Presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). These consolidated financial statements are presented in Indian Rupees (INR), which is functional and presentation currency of the Parent Company.

Transaction and balances

Transactions in foreign currencies are initially recognised using exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates prevailing at the reporting date and foreign exchange gain or loss are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction.

Group Companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the balance sheet
- income and expenses are translated at average exchange rates

On consolidation, Exchange differences are recognized in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation).



Fractal Analytics Private Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2023

2.9 Revenue recognition

Revenue is recognized when the Group satisfies performance obligations under the terms of its contracts, and control of the services is transferred to its customers, in an amount that reflects the consideration the Group expects to receive from its customers in exchange for those services. This process involves identifying the customer contract, determining the performance obligations in the contract, determining the transaction price, allocating the transaction price to the distinct performance obligations in the contract, and recognizing revenue when the performance obligations have been satisfied. A performance obligation is considered distinct from other obligations in a contract when it :

- (a) provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and ;
- (b) is separately identified in the contract. The Group considers a performance obligation satisfied once it has transferred control of services to the customer, meaning the customer has the ability to use and obtain the benefit from the services rendered.

Revenue from time and material contracts is recognised on output basis measured by efforts expended.

Revenue related to fixed price retainership contracts is recognised based on time elapsed and is recognised on a straight-line basis over the period of performance.

In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') with contract costs incurred determining the degree of completion of the performance obligation.

Subscription services revenues consist of fees from customers accessing Group's cloud based software solutions. Revenues are recognized when control of these services is transferred to customers, in an amount that reflects the consideration expected to be entitled to in exchange for those services. The Group's subscription arrangements are considered service contracts and the customer does not have the right to take possession of the software.

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

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers include periodic performance-based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

Contracts are subject to modification to account for changes in contract specification and requirements. The Group reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change.



Fractal Analytics Private Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2023

In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Dividend and interest income

Dividend is recognised as income when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.10 Employee benefits

Defined contribution plans

The Group's contribution to Provident fund and Labour Welfare Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees.

In addition, the Group makes contribution to defined contribution retirement benefit plans under the provisions of section 401(k) of the Internal Revenue Code for USA employees.

Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings, through other comprehensive income, in the statement of changes in equity and in the balance sheet and will not be reclassified to profit or loss.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.



Fractal Analytics Private Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2023

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive incentive and compensated absences in few geographies which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

2.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and the carry forward of unused tax losses can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, 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.



Fractal Analytics Private Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2023

2.12 Leases

The Group as a lessee

The Group's lease asset classes primarily consist of leases for office premises. The Group assesses whether a contract contains a lease, at inception of the 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 Group assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the group has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the group has the right to direct the use of the asset.

At the date of commencement of the lease, the group 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 group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right -of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right -of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight -line method from the commencement date over the lease term.

The group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the incremental borrowing rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the group changes its assessment as to whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Group does not have any lease contracts wherein it acts as a lessor.

Under Ind AS 116, this will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

2.13 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.



Fractal Analytics Private Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2023****A. Financial assets****(i) Classification, recognition and measurement:**

Financial assets are recognized when the Group becomes a party to the contractual provisions of the instrument.

The Group classifies its financial assets in the following measurement categories:

- a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- b) those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and whether 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.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Type of instruments	Classification	Rationale for classification	Initial measurement	Subsequent measurement
Debt instruments	Amortized cost	Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on principal amount outstanding are measured at amortized cost.	At fair value plus transaction costs that are directly attributable to the acquisition of the financial asset	Amortized cost is calculated using Effective Interest Rate (EIR) method, taking into account interest income, transaction cost and discount or premium on acquisition. EIR amortization is included in finance Income. Any gain or loss on derecognition of the financial instrument measured at amortized cost is recognised in profit and loss account.
	Fair value through other comprehensive income (FVOCI)	Assets that are held for collection of contractual cash flows and for selling the financial assets, where the	At fair value plus transaction costs that are directly attributable to the acquisition of the financial	Changes in carrying value of such instruments are recorded in OCI except for impairment losses, interest income (including transaction cost and discounts or premium on amortization) and foreign



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Notes to Consolidated Financial Statements for the year ended March 31, 2023

		assets' cash flows represent solely payments of principal and interest on principal amount outstanding, are measured at FVOCI.	asset	<p>exchange gain/loss which is recognized in income statement.</p> <p>Interest income, transaction cost and discount or premium on acquisition are recognized in the income statement (finance income) using effective interest rate method.</p> <p>On derecognition of the financial assets measured at FVOCI, the cumulative gain or loss previously recognized in OCI is classified from Equity to Profit and Loss account in other gain and loss head.</p>
	Fair value through profit or loss (FVTPL)	Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Any gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss in the period in which it arises.	<p>At fair value.</p> <p>Transaction costs of financial assets expensed to income statement</p>	<p>Changes in fair value of such assets are recorded in income statement as other gains/ (losses) in the period in which it arises.</p> <p>Interest income from these financial assets is included in the finance income.</p>
Equity instruments	FVOCI	The Group's management has made an irrevocable election at the time of initial recognition to account for the equity	At fair value plus transaction costs that are directly attributable to the acquisition of the financial asset	<p>Changes in fair value of such instruments are recorded in OCI.</p> <p>On disposal of such instruments, no amount is reclassified to income statement.</p> <p>Impairment losses (and</p>



Fractal Analytics Private Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2023**

		investment (on an instrument by instrument basis) at fair value through other comprehensive income. This election is not permitted if the equity investment is held for trading. The classification is made on initial recognition and is irrevocable.		reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. Dividend income from such instruments are however recorded in income statement.
	FVTPL	When no such election is made, the equity instruments are measured at FVTPL	At fair value. Transaction costs of financial assets expensed to income statement	Changes in fair value of such assets are recorded in income statement.

All financial assets are recognised initially at fair value and for those instruments that are not subsequently measured at FVTPL, they are recorded as plus/minus transaction costs that are attributable to the acquisition of the financial assets.

(ii) Impairment

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, deposits, and bank balance.
- Trade receivables.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

(iii) Derecognition of financial assets:

A financial asset is derecognised only when

- the Group has transferred the rights to receive cash flows from the financial asset or



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Notes to Consolidated Financial Statements for the year ended March 31, 2023

- (b) retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

B. Financial liabilities and equity instruments:

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Classification, recognition and measurement:

(a) Equity Instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

(b) Financial liabilities:

Initial recognition and measurement:

Financial liabilities are initially recognised at fair value minus any transaction costs that are attributable to the issue of the financial liabilities except financial liabilities at FVTPL which are initially measured at fair value.

Subsequent measurement:

The financial liabilities are classified for subsequent measurement into following categories:

- at amortized cost
- at fair value through profit or loss (FVTPL)

(i) Financial liabilities at amortized cost:

The Group is classifying the following under amortized cost;

- Borrowings from banks
- Borrowings from others
- Trade payables

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount.



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Notes to Consolidated Financial Statements for the year ended March 31, 2023

(ii) Financial liabilities at fair value through profit or loss:

Financial liabilities held for trading are measured at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on remeasurement, recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Derecognition:

A financial liability is removed from the balance sheet when the obligation is discharged, or is cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

2.14 Fair value measurement:

The Group measures financial instruments, such as, certain investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable



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Notes to Consolidated Financial Statements for the year ended March 31, 2023

2.15 Provisions and Contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are disclosed in the notes. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset. Provisions and contingent liabilities are reviewed at each balance sheet date.

2.16 Share-based payments

The cost of equity-settled transactions with employees is measured at fair value at the date at which are granted. The fair value of share awards is determined with the assistance of an external valuer and the fair value at the grant date is expensed on a proportionate basis over the vesting period based on the Group's estimate of shares that will eventually vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations.

2.17 Segment reporting:

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the chief operating decision maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators.

2.18 Cash and cash equivalents:

Cash and cash equivalents in the balance sheet comprises cash at bank and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.



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Notes to Consolidated Financial Statements for the year ended March 31, 2023

2.19 Dividend distribution to equity shareholders:

Dividend distributed to Equity shareholders is recognised as distribution to owners of capital in the Statement of Changes in Equity, in the period in which it is paid/payable.

2.20 Earnings per share:

The basic earnings per share ("EPS") is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into.

The diluted earnings per share ("DEPS") is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year, as adjusted for the effects of all dilutive potential equity shares.

2.21 Current/ Non-current classification:

An asset is classified as current if:

- (a) it is expected to be realised or sold or consumed in the Group's normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be realised within twelve months after the reporting period; or
- (d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current if:

- (a) it is expected to be settled in the normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be settled within twelve months after the reporting period; or
- (d) the Company has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between acquisition of assets for processing and their realisation in cash and cash equivalents. The Group's normal operating cycle is twelve months.

2.22 Significant accounting estimates, judgements and assumptions:

The preparation of the Group's consolidated financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances existing when the consolidated financial statements were prepared. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the year in which the estimates are revised and in any future year affected.



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Notes to Consolidated Financial Statements for the year ended March 31, 2023

In the process of applying the Group's accounting policies, management has made the following judgements which have significant effect on the amounts recognised in the consolidated financial statements:

- a. Useful lives of property, plant and equipment and intangible assets:** The Company reviews the useful lives of property, plant and equipment and intangibles at the end of each reporting period. This reassessment may result in change in depreciation and amortisation expense in future periods.
- b. Defined benefit plan:** The cost of the defined benefit gratuity obligation is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.
- c. Allowances for uncollected accounts receivable and advances:** Trade receivables do not carry interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not collectable. Impairment is made on the expected credit loss model, which is the present value of the cash shortfall over the expected life of the financial assets. The impairment provisions for financial assets are based on assumption about the risk of default and expected loss rates. Judgement in making these assumptions and selecting the inputs to the impairment calculation are based on past history, existing market condition as well as forward looking estimates at the end of each reporting period.
- d. Contingencies:** Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/ claim/ litigation against Group as it is not possible to predict the outcome of pending matters with accuracy.
- e. Share-based payments:** The Group measures the cost of equity-settled transactions with employees using Black-Scholes model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 33.
- f. Provision for income tax and deferred tax assets:** The Group uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Group exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.
- g. Revenue recognition:**
- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such



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Notes to Consolidated Financial Statements for the year ended March 31, 2023

as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

- Revenue for fixed-price contracts is recognised using percentage-of-completion method. The Group uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of the completion of the performance obligation.

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

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

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

2.23 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements : This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors : This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 12 - Income Taxes : This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statement



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Notes to Consolidated financial statements for year ended March 31, 2023

(3) Property, plant and equipment

(in Rupees million)

Particulars	Computers and accessories	Leasehold Improvements	Furniture and fixtures	Vehicles	Office Equipment	Total
Gross carrying amount						
As at April 01, 2022	693	260	64	-	368	1,385
Additions	182	-	0	-	4	186
Derecognition on account of loss of control of subsidiary company (Refer note 38)	(33)	-	-	-	(0)	(33)
Disposals	(11)	-	(0)	-	(0)	(11)
Exchange differences on translating the financial statements of foreign operation	3	-	-	-	20	23
As at March 31, 2023	834	260	64	-	392	1,550
Accumulated depreciation						
As at April 01, 2022	361	203	31	-	295	890
Derecognition on account of loss of control of subsidiary company (Refer note 38)	(18)	-	-	-	(0)	(18)
Charge for the year	181	29	5	-	41	256
Disposals	(9)	-	-	-	(0)	(9)
Exchange differences on translating the financial statements of foreign operation	2	-	-	-	17	19
As at March 31, 2023	517	232	36	-	353	1,138
Net carrying amount as at March 31, 2023	317	28	28	-	39	412
Gross carrying amount						
As at April 01, 2021	380	260	62	2	357	1,061
Additions	310	-	1	-	1	312
Additions on account of business combinations (Refer note 35)	4	-	1	-	1	6
Disposals	(1)	-	-	(2)	-	(3)
Exchange differences on translating the financial statements of foreign operation	0	-	-	-	9	9
As at March 31, 2022	693	260	64	-	368	1,385
Accumulated depreciation						
As at April 01, 2021	242	174	25	1	229	671
Charge for the year	119	29	6	-	61	215
On disposals	(0)	-	-	(1)	0	(1)
Exchange differences on translating the financial statements of foreign operation	0	-	-	-	5	5
As at March 31, 2022	361	203	31	-	295	890
Net carrying amount as at March 31, 2022	332	57	33	-	73	495

Note : The Group does not hold any immovable properties.



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Notes to Consolidated financial statements for year ended March 31, 2023

(4) Right of use assets

(in Rupees million)

Particulars	Amount
Gross carrying amount	
As at April 01, 2022	1,148
Additions	276
Disposals	(218)
Exchange differences on translating the financial statements of foreign operations	18
As at March 31, 2023	1,224
Accumulated amortisation	
As at April 01, 2022	689
Charge for the year	246
On disposals	(187)
Exchange differences on translating the financial statements of foreign operations	8
As at March 31, 2023	756
Net carrying amount as at March 31, 2023	468
Gross carrying amount	
As at April 01, 2021	1,052
Additions on account of business combination (Refer note 35)	42
Additions	50
Disposals	-
Exchange differences on translating the financial statements of foreign operations	4
As at March 31, 2022	1,148
Accumulated amortisation	
As at April 01, 2021	451
Charge for the year	238
On disposals	-
Exchange differences on translating the financial statements of foreign operations	0
As at March 31, 2022	689
Net carrying amount as at March 31, 2022	459

Note :

1. The Right of use asset as per Ind AS-116 comprises of lease of office premises.
2. Exchange differences on translating the financial statements of a foreign operation reflects change in value of asset adjusted for closing rate of local currency in respective geography.
3. The aggregate amortisation expense on Right-of-use assets is included under depreciation and amortisation expenses in the Statement of Profit and Loss.



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Notes to Consolidated financial statements for year ended March 31, 2023

(5) Goodwill

Particulars	(in Rupees million)	
	As at March 31, 2023	As at March 31, 2022
Goodwill at the beginning of the year	3,261	472
Add: On account of acquisition (Refer note 35)	-	2,744
Add: Exchange differences on translating the financial statements of foreign operations	214	45
Goodwill at the end of the year	3,475	3,261

The carrying amount of goodwill was allocated to major cash-generating units as follows:

Particulars	(in Rupees million)	
	As at March 31, 2023	As at March 31, 2022
Final Mile Consultants Private Limited	278	278
4i Consulting Inc	218	200
Senseforth.ai Group	362	338
Samya.ai Group	122	116
Analytics Vidhya Educon Private Limited	181	181
Neal Analytics Group	2,314	2,148
Total	3,475	3,261

Cash-generating units (CGU) to which goodwill is allocated are tested for impairment annually at each reporting date, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to that unit. The Group estimates the value-in-use of the CGUs based on the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate and anticipated future economic and regulatory conditions. The estimated cash flows are developed using internal forecasts. The discount rates used for the CGUs represent the weighted average cost of capital based on the historical market returns of comparable companies.

The goodwill amount for respective years (relating to different CGUs individually) has been evaluated based on the cash flow forecasts of the related CGUs and sensitivity analysis done on the forecasted cash flows. Basis the same, the recoverable amounts of these CGUs exceeded their carrying amounts.

An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount as on date.

The estimated value-in-use of CGUs is based on the future cash flows using a 3%-5% Terminal growth rate and discount rate of 18% to 30%.

The discount rate is based on the Weighted Average Cost of Capital (WACC) which represents the weighted average return attributable to all the assets of the Cash Generating Unit (CGU).



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Notes to Consolidated financial statements for year ended March 31, 2023

(6) Other Intangible assets

(in Rupees million)

Particulars	Computer Software	Intellectual Property	Customer relationship	Internally generated intangible assets	Brand	Developed Content	Patent	Total
Gross carrying amount								
As at April 01, 2022	56	274	859	611	30	102	4	1,936
Additions	48	-	-	231	-	-	-	279
Derecognition on account of loss of control of subsidiary company (Refer note 38)	-	-	-	(183)	-	-	-	(183)
Exchange differences on translating the financial statements of foreign operation	3	6	68	42	-	-	-	119
As at March 31, 2023	107	280	927	701	30	102	4	2,151
Accumulated amortization								
As at April 01, 2022	49	238	68	267	2	4	4	632
Derecognition on account of loss of control of subsidiary company (Refer note 38)	-	-	-	(108)	-	-	-	(108)
Charge for the year	13	27	93	130	6	10	-	279
On disposals	-	-	-	-	-	-	-	-
Provision for impairment loss (Refer note 3 below)	-	-	-	84	-	-	-	84
Exchange differences on translating the financial statements of foreign operation	3	6	4	22	-	-	-	35
As at March 31, 2023	65	271	165	395	8	14	4	922
Net carrying amount as at March 31, 2023	42	9	762	306	22	88	-	1,229
Gross carrying amount								
As at April 01, 2021	55	270	42	276	-	-	4	647
Additions	-	-	-	96	-	-	-	96
Additions on account of business combination (Refer note 35)	-	-	805	236	30	102	-	1,173
Exchange differences on translating the financial statements of foreign operation	1	4	12	3	-	-	-	20
As at March 31, 2022	56	274	859	611	30	102	4	1,936
Accumulated amortization								
As at April 01, 2021	43	198	32	118	-	-	4	395
Charge for the year	5	39	36	149	2	4	-	235
Exchange differences on translating the financial statements of foreign operation	1	1	(0)	-	-	-	-	2
As at March 31, 2022	49	238	68	267	2	4	4	631
Net carrying amount as at March 31, 2022	7	36	791	344	28	98	-	1,304

Note 1 : Refer note 16 for details of charge/hypothecation created against intangible assets.

Note 2 : The estimated amortisation of intangible assets for the years subsequent to March 31, 2023 is as follows :

Year ending 31 March	In Rupees Million
2024	300
2025	238
After 2026	691

Note 3 : During the year the Group has assessed the carrying value of its intangible assets of one of the subsidiary and basis its assessment the recoverable amount is less than the carrying value and accordingly has provided for impairment loss of Rs 84 million.

(6.1) Intangible Assets Under Development (IAUD)

Particulars	(in Rupees million) Amount
Gross carrying amount	
As at April 01, 2022	299
Additions	102
Less: Capitalisation	(231)
Less : Provision for Impairment In value of IAUD (Refer note 1 and 2 below)	(87)
Less : Derecognition of assets on account of Loss of control of subsidiary company (Refer note 38)	(76)
As at March 31, 2023	7
Gross carrying amount	
As at April 01, 2021	197
Additions	198
Less: Capitalisation	(96)
Disposals	-
As at March 31, 2022	299

Note 1 : During the year the Group has assessed the carrying value of its intangible assets in a subsidiary company and basis its assessment the recoverable amount is less than the carrying value and accordingly has provided for impairment loss of Rs 4 million.

Note 2 : Based on the evaluation done by the Group as at March 31, 2023, one of the subsidiary company does not foresee commercial operation in near future date, leading to intangible asset under development's recoverable amount to be below its carrying amount and hence 100% impairment provisioning is recognised amounting to Rs 83 million.

Ageing of Projects In progress (at gross value)

	Amount in IAUD for a period of				(in Rupees million) Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2023	20	15	13	46	94
As at March 31, 2022	222	31	26	20	299



Fractal Analytics Private Limited

Notes to Consolidated financial statements for year ended March 31, 2023

Particulars	(in Rupees million)	
	As at March 31, 2023	As at March 31, 2022
(7) Investments (Non-current)		
A. Investment in equity instruments of Associates accounted for under the equity method		
Investments in unquoted equity instruments		
Qure.ai Technologies Private Limited 250,000,000 (March 31, 2022: 250,000,000) equity shares of Rs 1 fully paid up (Refer note 38)	4,479	-
Total carrying value	4,479	-
B. Other investments		
(Unquoted, measured at amortised cost)		
RX.health Inc. (March 31, 2023 658,761 shares of series Seed-2 preferred stock) (March 31, 2022 658,761 shares of series Seed-2 preferred stock)	12	12
	12	12
Total (non-current)	4,491	12
Other investments (Current)		
Investments (Current)		
(Measured at fair value through profit and loss)		
Investment in liquid mutual funds units (unquoted)	2,906	4,023
Total other investments	2,906	4,023
(a) Aggregate carrying value of unquoted investments	7,397	4,035



Fractal Analytics Private Limited

Notes to Consolidated financial statements for year ended March 31, 2023

(in Rupees million)

Particulars	As at March 31, 2023	As at March 31, 2022
(8) Trade receivables		
Trade receivables		
- Unsecured, considered good	3,400	2,715
- Unsecured, considered doubtful	66	22
- Unbilled receivables	1,609	1,243
Sub Total	5,075	3,980
Allowance for doubtful debts	(66)	(22)
Current trade receivables	5,009	3,958

Aging of Trade receivables

As at March 31, 2023

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Trade receivables							
(i) Undisputed Trade receivables – considered good	3,103	285	12	-	-	-	3,400
(ii) Undisputed Trade Receivables – credit impaired	-	-	34	17	4	12	66
	3,103	285	46	17	4	12	3,466
Unbilled receivables							1,609
Less: Allowance for doubtful trade receivables							(66)
Total							5,009

As at March 31, 2022

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Trade receivables							
(i) Undisputed Trade receivables – considered good	1,879	699	111	21	2	3	2,715
(ii) Undisputed Trade Receivables – credit impaired	-	5	-	9	-	8	22
	1,879	704	111	30	2	11	2,737
Unbilled receivables							1,243
Less: Allowance for doubtful trade receivables							(22)
Total							3,958

(9a) Cash and cash equivalents

Cash on hand *

0 1

Balance with banks

In current accounts

2,132 1,813

Deposits with original maturity of less than 3 months

- 18

Total cash and cash equivalents

2,132 1,832

*Amounts less than Rs 1 million

(9b) Bank balance other than above

In fixed deposit account with original maturity of 3 months or more

71 419

Total other bank balances

71 419

(10) Current loans

Secured, considered good

Loan to director (Refer note 29)

269 492

Total current loans

269 492

Type of Borrower	As at March 31, 2023		As at March 31, 2022	
	Amount of loan outstanding	% of total Loans	Amount of loan outstanding	% of total Loans
Loan to director	269	100%	492	100%
Total	269	100%	492	100%

Note : Loan is given to a director on December 8, 2021 which is repayable on demand. Loan to director is secured against the said shares held by the director on full recourse basis.

(11) Other financial assets

Non-current financial assets

Derivative asset at fair value through profit or loss - forward contract

- 7

Security deposits

187 174

Other bank deposit

80 -

Total non-current financial assets

267 181

Current financial assets

Derivative asset at fair value through profit or loss - forward contract

- 14

Other receivables

- 69

Total current financial assets

- 83

(12) Other assets

Non-Current assets

Prepaid expenses

35 26

Employee advances

5 -

Total non-current assets

40 26

Current assets

Prepaid expenses (Refer note below)

383 307

Contract assets (Refer note 27)

555 524

Advances to vendors and others

35 30

Balance with government authorities

187 238

Less : Loss allowance

(10) -

Total current assets

1,150 1,099

Note : Prepaid expenses includes Rs 114 million towards planning for initial public offer and is to be shared by the Company and selling share holders.



Fractal Analytics Private Limited

Notes to Consolidated financial statements for year ended March 31, 2023

(13) Deferred tax assets (net)

Significant components of deferred tax assets

Deferred tax assets

Difference between book and tax value of property, plant and equipment and intangible assets	29	9
Net operating losses	368	341
Provision for Gratuity	1	2
Others	1	15
Total Deferred tax assets	399	367

Deferred tax liabilities

Loss of control of subsidiary company

Total Deferred tax liabilities

	March 31, 2023	March 31, 2022
	(1,016)	-
	(1,016)	-
	(617)	367

Net deferred tax assets/(liabilities)

(a) Movements in deferred tax assets/(liabilities)

	(in Rupees million)					
Particulars	Property, plant & equipment and intangible assets	Business losses/ unabsorbed depreciation	Loss of control of subsidiary company*	Provision for Gratuity**	Others**	Total
At April 01, 2021	29	331	-	0	15	375
On account of business combination (Refer note 35)	(32)	-	-	0	-	(32)
(Charged) / Credited						
- to profit or loss	13	-	-	2	(0)	15
- to other comprehensive income	-	-	-	(0)	-	(0)
- Foreign currency fluctuation	(1)	10	-	-	-	9
At March 31, 2022	9	341	-	2	15	367
(Charged) / Credited						
- to profit or loss	19	-	(1,016)	(1)	(14)	(1,011)
- to other comprehensive income	-	-	-	-	-	-
- Foreign currency fluctuation	1	27	-	-	-	28
At March 31, 2023	29	368	(1,016)	1	1	(617)

*Refer note 38

**Amounts less than Rs 1 million

For one of the foreign subsidiary, the Group has recognised deferred tax asset on unutilised losses to the extent that it believes that it will be able to generate sufficient taxable profit in the near future, based on various internal measures taken, against which unused losses and thereby such deferred tax assets can be realised. Further, no deferred tax has been recognised on unused tax losses of Rs. 829 million (March 31, 2022 - Rs 861 million).

(b) The tax losses of the Group will lapse in subsequent years as follows:

	(in Rupees million)	
Particulars	As at March 31, 2023	As at March 31, 2022
From 5 - 8 years	812	1,125
Beyond 8 years	2,374	1,894
Indefinite	950	1,043

(c) Income tax expense

This notes provides analysis of Group's income tax expense, amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates in relation to the Group's tax position.

Income tax expense is as follows:

	(in Rupees million)	
Particulars	Year ended March 31, 2023	Year ended March 31, 2022
(a) Profit and loss		
Current tax for the year	174	(1)
Tax adjustment for previous year	5	25
Deferred tax for the year	1,011	(15)
Total current tax expense	1,191	9

(d) Reconciliation of tax expense and the book profit computed by applying income tax rate:

	(in Rupees million)	
Particulars	Year ended March 31, 2023	Year ended March 31, 2022
(Loss) / Profit before tax	3,134	(1,475)
Tax rate	25.17%	25.17%
Computed tax expense	789	(371)
Adjustments:		
Current year losses for which deferred tax asset is not recognised	521	384
Utilisation of carry forward losses against which deferred tax asset was not recognised earlier	(157)	(4)
Expenses not deductible for tax purpose	146	10
Tax adjustment for previous year	5	(25)
Impact of different tax rate	(155)	25
Foreign tax credit claim	-	(14)
State taxes	13	2
Others	30	2
Tax expense	1,190	9



Fractal Analytics Private Limited

Notes to Consolidated financial statements for year ended March 31, 2023

(14) Equity share capital

Particulars	(in Rupees million)	
	As at March 31, 2023	As at March 31, 2022
Authorised		
349,200,000 equity shares of face value Rs. 1 each	349	44
(March 31, 2022 : 43,650,000 equity shares of face value Rs. 1 each)		
38,100,000 0.001% Compulsorily convertible preference shares of face value Rs.1 each	38	6
(March 31, 2022 : 6,350,000 0.001% Compulsorily convertible preference shares of face value Rs.1 each)		
	387	50
The authorised share capital of the Parent Company has been increased vide board resolution date July 22, 2022.		
Issued share capital		
26,189,854 equity shares of face value Rs.1	26	26
(March 31, 2022 : 25,947,598 equity shares of Rs. 1 each)		
4,523,604 0.001 % Compulsorily convertible preference shares of face value Rs.1 each	5	5
(March 31, 2022 : 4,523,604 0.001 % Compulsorily convertible preference shares of face value Rs.1 each)		
	31	31
Subscribed and fully paid-up		
25,524,996 equity shares of face value Rs.1 each fully paid up	26	26
(March 31, 2022 : 25,282,740 equity shares of Rs. 1 each fully paid up)		
4,523,604 0.001 % Compulsorily convertible preference shares of face value Rs.1 fully paid up	5	5
(March 31, 2022 : 4,523,604 0.001 % Compulsorily convertible preference shares of face value Rs.1 fully paid up)		
	31	31
Subscribed but not fully paid-up		
664,858 equity share of face value Rs.1 (Rs 0.5 paid up) (Refer note (i) below)*	-	-
(March 31, 2022 : 664,858 equity share of face value Rs.1 (Rs 0.5 paid up))		
	-	-
	31	31

*Amounts less than Rs 1 million

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

Particulars	(in Rupees million)			
	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the commencement of the year	25,947,598	26	23,922,943	24
Add :- Shares issued during the year under				
- employee stock option plan (Refer note (i) below)*	232,856	0	694,939	1
- Private placement of shares (Refer note (ii) below)*	9,400	0	1,329,716	1
At the end of the year	26,189,854	26	25,947,598	26
* Amounts less than Rs 1 million				
(i) During the year 232,856 shares (March 31, 2022:694,939) were issued under employee stock option plan at various price (Refer note 33)				
(ii) During the year 9,400 shares (March 31, 2022: 1,329,716 shares (including 664,858 partly paid up shares)) were issued on a private placement basis.				
0.001% Compulsorily Convertible Preference Shares				
At the commencement of the year	4,523,604	5	-	-
Issued during the year	-	-	4,523,604	5
At the end of the year	4,523,604	5	4,523,604	5

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	% of total shares in the class	Number of shares	% of total shares in the class	Number of shares
(a) Equity shares of Rs. 1 each fully paid-up held by				
Quinag Bidco Limited	22.68%	5,939,620	22.89%	5,939,620
TPG Fett Holdings Pte Limited	28.08%	7,353,814	28.34%	7,353,814
Gita Mirchandani	11.96%	3,131,260	12.07%	3,131,260
Gulu Mirchandani	9.03%	2,365,296	9.12%	2,365,296
Pranay Agrawal	6.60%	1,727,812	6.66%	1,727,812
Srikanth Velamakanni*	5.83%	1,527,378	5.89%	1,527,378
Chetana Kumar	5.15%	1,349,151	5.20%	1,349,151
(b) Compulsorily Convertible Preference Shares of Rs. 1 each fully paid-up held by				
Quinag Bidco Limited	73.78%	3,337,505	73.78%	3,337,505
TPG Fett Holdings Pte Limited	26.22%	1,186,099	26.22%	1,186,099

*Number of shares consists 664,858 partly paid up shares issued on private placement basis (Refer note a(ii) above)

(c) Shares held by Companies having significant influence/Control

Particulars	As at March 31, 2023		As at March 31, 2022	
	% of total shares in the class	Number of shares	% of total shares in the class	Number of shares
Shares held by TPG Fett Holdings Pte Limited				
(a) Equity shares of Rs. 1 each fully paid-up	28.08%	7,353,814	28.34%	7,353,814
(b) 0.001% Compulsorily Convertible Preference Shares of Rs. 1 each fully paid-up	26.22%	1,186,099	26.22%	1,186,099
Shares held by Quinag Bidco Limited				
(a) Equity shares of Rs. 1 each fully paid-up	22.68%	5,939,620	22.89%	5,939,620
(b) 0.001% Compulsorily Convertible Preference Shares of Rs. 1 each fully paid-up	73.78%	3,337,505	73.78%	3,337,505



Fractal Analytics Private Limited

Notes to Consolidated financial statements for year ended March 31, 2023

(d) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of Rs 1 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.

(e) Rights, preferences and restrictions attached to 0.001% Compulsorily Convertible Preference Shares (CCPS)

0.001% Compulsorily Convertible preference shares: All outstanding CCPS shall be converted based on the then-applicable CCPS Conversion Price on the earlier of :

- 1 (one) Business Day of the expiry of 5 (five) years from the Closing Date, as applicable; or
- 1 (one) Business Day prior to the date of voluntary or involuntary liquidation, winding up or dissolution of the Company, including through a shareholders', members' or creditors' voluntary winding up process or a court directed winding-up process
- 1 (one) Business Day prior to the date of consummation of the sale of any Securities by the Investor to a third party in accordance with the terms of the Shareholders agreement
- 1 (one) Business Day prior to the last date for the conversion of convertible instruments under applicable Laws, prior to an IPO or a QIPO (as defined in the Shareholders Agreement) in terms of the Shareholders Agreement

The CCPS shall bear a coupon rate of 0.001% per annum (calculated on the face value) at the time of conversion of the last outstanding CCPS. The CCPS shall be non-cumulative. The CCPS holder shall be entitled to participate (on an as converted basis) in any dividends payable to the holders of Equity Shares. If any CCPS are outstanding and any dividend is declared on the Equity Shares, the Company shall declare dividend on the CCPS equal to the per Equity Share dividend pro-rated to the Assumed Equity Percentage.

The Company covenants that till such time that any of the CCPS are outstanding, the Company shall not be entitled to declare any dividend on any Equity Shares in any year till such time as the dividend in relation to the CCPS has been provided for in full.

The CCPS shall not have any voting rights other than as available under the Act to preference shares. The CCPS shall rank pari passu with the Equity Shares on liquidation and shall have no liquidation preference.

(f) Shares reserved for issued under options

Particulars	March 31, 2023	
	No. of shares	No. of shares
Equity shares of Rs. 1 each reserved for issue under employee stock option scheme (refer note 33)	6,136,808	6,369,664

(g) There were no shares allotted pursuant to contract without payment being received in cash or as fully paid up by way of bonus shares or any shares bought back.

(h) No dividend is declared by the Company during the years ended March 31, 2023 and March 31, 2022.

Particulars	(in Rupees million)	
	As at March 31, 2023	As at March 31, 2022

(15) Other equity

Securities premium reserve	11,982	11,791
Employee stock option reserve	2,016	486
Other comprehensive income	36	(68)
Share application money pending allotment	3	-
Retained earnings	(636)	(2,660)
Total other equity	13,400	9,548

Note : For movement during the year, refer statement of change in equity.



Fractal Analytics Private Limited

Notes to Consolidated financial statements for year ended March 31, 2023

Particulars	(in Rupees million)	
	As at March 31, 2023	As at March 31, 2022
(16) Borrowings		
<i>Non-current borrowings</i>		
<i>(at amortised cost)</i>		
Secured		
- Term loan (Refer note (a) below)	3,416	3,164
Less : Arrangement fees	(160)	(155)
Less : Current maturities of long term debt	(35)	(24)
Total secured borrowings	3,221	2,985
Current borrowings		
Secured		
- Current maturities of long term debt - Term loan (Refer note (a) below)	35	24
Total current borrowings	35	24
Note :		

- (a) The Group has availed foreign currency floating interest term loan from financial institutions as per term sheet dated December 21, 2021 amounting to USD 42 million. The Group has incurred transaction cost amounting to USD 2.2 million (USD 1.82 Million as on March 31, 2022) in respect of the said transaction which are disclosed as net from the actual proceeds and are amortised over the tenor of the loan to Profit and Loss Account. Given below are various terms pertaining to the term loan.

Particulars	Total	Current	Non Current	Interest rate	Duration	Repayment terms	Purpose of borrowings
Term loans	3,416	35	3,381	Term SOFR (Cap at 1%) + 6%	Five years ending on December 21, 2026	0.25% of the aggregate principal amount of the outstanding initial amount on first day of every quarter commencing from March 31, 2022.	Permitted Acquisitions and other Investments permitted under the Loan Documents
	3,416	35	3,381				

Collateral :

- (a) Pledge of charge over 100% (one hundred percent) equity shares from time to time, equivalent to 997,951 equity shares having face value of USD 1 (United States Dollar One) each held by the Group in its wholly owned subsidiary abroad, i.e., Fractal Analytics Inc., an entity organised under the laws of United States of America
(b) 65% share Pledge of Fractal UK Private Limited an entity organised under the laws of United Kingdom.
(c) Hypothecation/ charge over all intellectual property owned by the Group from India or United States of America .

Guarantor :

The above borrowing is backed by the guarantee given by Fractal Analytics Private Limited, Cuddle Inc USA, Neal Analytics LLC and Final Mile Consulting LLC.



Fractal Analytics Private Limited

Notes to Consolidated financial statements for year ended March 31, 2023

(17) Trade payables

- Total outstanding dues of micro enterprises and small enterprises (Refer below note)
- Total outstanding dues of creditors other than micro enterprises and small enterprises

Total trade payables

5	4
566	622
571	626

Particulars	As at March 31, 2023	As at March 31, 2022
-------------	-------------------------	-------------------------

Dues of micro and small enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') which came into force from 2 October 2006, certain disclosures are required related to MSME. On the basis of the information and records available with the Group, following are the details of dues:

- the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;
- the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;
- the amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;
- the amount of interest accrued and remaining unpaid at the end of each accounting year; and
- the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.

Total

5	4
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Ageing of Trade payables

As at March 31, 2023

As at March 31, 2023						
Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Total outstanding dues of micro enterprises and small enterprises	1	4	-	-	-	5
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	167	392	7	-	-	566
Total	168	396	7	-	-	571

As at March 31, 2022

As at March 31, 2022						
Particulars	Not due	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Total outstanding dues of micro enterprises and small enterprises	1	3	0	-	-	4
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	355	254	13	-	-	622
Total	356	257	13	-	-	626

* Amounts less than Rs 1 million

(in Rupees million)

Particulars	As at March 31, 2023	As at March 31, 2022
-------------	-------------------------	-------------------------

(18) Other financial liabilities

Non-current financial liabilities

- Employee related obligation
- Deferred consideration payable (Refer note 35(a))

Total non-current financial liabilities

140	-
-	13
140	13

Current financial liabilities

- Derivative liabilities at fair value through profit or loss - forward contract
- Deferred consideration payable (Refer note 35(a))
- Employee related obligation
- Interest accrued and due on borrowings from financial institutions
- Others (Refer note 35 (c))

Total current financial liabilities

24	-
16	14
1,825	1,255
1	-
-	126
1,866	1,395

(19) Other liabilities

Current liabilities

- Unearned revenue (Refer note 27)
- Advance from customer
- Statutory dues payable**
- Other payables

Total current liabilities

868	836
12	132
348	705
14	-
1,242	1,673

**Includes tax deducted at sources, provident fund payable, professional taxes and other foreign statutory dues

(20) Provisions

Non-current provisions

- Gratuity (Refer note 28)

Total non-current provisions

118	120
118	120

Current provisions

- Gratuity (Refer note 28)
- Compensated absences (Refer note 28)
- Other provisions (Refer note 26)

Total current provisions

1	3
29	14
80	-
110	17



Fractal Analytics Private Limited

Notes to Consolidated financial statements for year ended March 31, 2023

(in Rupees million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
(21) Revenue from operations		
Sale of services (Refer note 27)	19,854	12,953
Total Revenue from operations	19,854	12,953
(22) Other Income		
Interest on :		
- bank deposits	4	16
- Loan to directors	8	-
- unwinding of security deposits given	11	9
Fair value gain on derivative and forward contracts	-	35
Net gain on redemption/fair valuation of financial instruments	165	49
Foreign exchange loss / (gain), net	306	-
Miscellaneous income	89	78
Total other income	583	187
(23) Employee benefits expense		
Salaries, wages and bonus	15,243	10,308
Contribution to provident funds (Refer note 28)	182	109
Gratuity (Refer note 28)	148	92
Employee stock option expense (Refer note 33)	1,587	219
Staff welfare expense	512	351
Total employee benefits expense	17,672	11,079
(24) Finance costs		
Interest on :		
- borrowings	358	62
- lease liabilities (Refer note 30)	45	61
- others	30	16
Other borrowing cost	20	-
Total finance costs	453	139
(25) Depreciation and amortization expense		
Depreciation on property, plant and equipment (Refer note 3)	256	215
Amortisation on :		
- Right of use assets (Refer note 4)	246	238
- Intangible assets (Refer note 6)	279	235
Total depreciation and amortization expense	781	688
(26) Other expenses		
Outsourced manpower cost	598	249
Legal and professional fees	560	875
Software maintenance charges	432	276
Travelling and conveyance	327	139
Communication charges	269	190
Recruitment expenses	158	226
Advertising and publicity expense	234	151
Repairs and maintenance expense - Computers and others	93	25
Facility management expenses	38	37
Rent, rates and taxes (Refer note below)	153	71
Insurance expense	45	28
Research expense	56	64
Fair value loss on derivative and forward contracts	152	-
Foreign exchange loss, net	-	32
Provision for doubtful advances	10	-
Other current asset written off	-	150
Bad debts	-	10
Provision for Bad debts	44	4
Membership and subscription charges	64	63
Corporate social responsibility (Refer note 41)	6	9
Miscellaneous expense	107	110
Total other expenses	3,346	2,709

Note:

The Company and all the Directors of the Company has received show cause notice as to why prosecution proceedings under the Income tax Act 1961 (Act) should not be initiated against them for delay in deposit of tax deducted at source ('TDS') of INR 405 million during FY 2019-20 (albeit the deposit of TDS was made with due interest for the delay without any intimation from the tax authorities). Detailed justification was provided against the said SCN to establish a reasonable cause for the delay in deposit of TDS. However, without acceptance/admission of guilt of offence under the provisions of the Act and to avoid litigation, the Company in its capacity and on behalf of all directors, on December 7, 2022 has filed an application for compounding of offence before the tax department.

The amount of INR 80 million is the estimated compounding fee for the Company and Directors, computed basis compounding guidelines under the Income-tax Act, 1961 which is disclosed under Rent, rates and taxes.

(26.1) Exceptional Items

Impairment in value of assets (Refer note 6 and 6.1)	171	-
Gain on account of Loss of control of subsidiary company (Refer note 38)	(5,410)	-
	(5,239)	-



Fractal Analytics Private Limited

Notes to Consolidated financial statements for year ended March 31, 2023

(27) Revenue from contracts with customers

The Group disaggregates revenue from contracts with customers by nature of services.

Revenue disaggregation by nature of services is as follows:

Particulars	(in Rupees million)	
	Year ended March 31, 2023	Year ended March 31, 2022
Analytics/Consulting services	19,548	12,439
License fee/Subscriptions income	306	514
Total	19,854	12,953

The billing schedules agreed with customers include periodic performance-based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time range for the expected time to recognise those revenues, the Group has applied the practical expedient in Ind AS 115. Accordingly, the Group has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

The Group has applied practical expedient as per paragraph 121 of Ind AS 115 and does not disclose information about remaining performance obligations that have original expected duration of one year or less.

Contract Balances

Particulars	(in Rupees million)	
	As at March 31, 2023	As at March 31, 2022
Contract assets	555	524

Changes in contract assets are as follows:

Particulars	(in Rupees million)	
	Year ended March 31, 2023	Year ended March 31, 2022
Balance at the beginning of the year	524	302
Derecognition on account of loss of control of subsidiary company (Refer note 38)	(116)	-
Revenue recognized during the year	3,650	2,829
Invoices raised during the year	(3,538)	(2,617)
Exchange differences on translating the financial statements of foreign operations	35	10
Balance at the end of the year	555	524

Changes in unearned and deferred revenue are as follows:

Particulars	(in Rupees million)	
	Year ended March 31, 2023	Year ended March 31, 2022
Balance at the beginning of the year	836	344
Derecognition on account of loss of control of subsidiary company (Refer note 38)	(146)	-
Amount reclassified to trade receivables	-	(87)
Revenue recognized that was included in the unearned and deferred revenue balance at the beginning of the year	(422)	(215)
Increase due to invoicing during the year, excluding amounts recognized as revenue during the year	546	783
Exchange differences on translating the financial statements of foreign operations	54	11
Balance at the end of the year	868	836

Reconciliation of revenue recognized with the contracted price is as follows:

Particulars	(in Rupees million)	
	Year ended March 31, 2023	Year ended March 31, 2022
Contracted price	20,056	13,101
Reductions towards variable consideration components	(202)	(148)
Revenue recognized	19,854	12,953

Note : Variable consideration includes volume discount / service credit to customers.

For geographical split of revenue, refer note 34



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Notes to Consolidated financial statements for year ended March 31, 2023

(28) Employee benefits

The Group contributes to the following post-employment defined contribution plan and defined benefit plans in India.

(a) Defined contribution plan

The Group entities in India have a defined contribution plan in respect of provident fund. Contributions are made to provident fund in India for employees as per regulations. The contributions are made to registered provident fund administered by the Government of India. The obligation of the Group is limited to the amount contributed and it has neither further contractual nor any constructive obligation.

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Employer's contribution to provident fund	182	109

Included in 'Contribution to provident funds' under employee benefits expense (Refer Note 23)

(b) Compensated absences

Liability under Compensated absences pertains to leave balances in subsidiary company and is disclosed under current provisions.

(c) Defined benefit plans

Gratuity:

The Group entities in India provide for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years or more are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan with respect to Parent Company.

Key assumptions used for actuarial valuation by an Independent actuary under the Projected Unit Cost Method are as under:

Particulars	March 31, 2023	March 31, 2022
Discount rate	7.50%	7.25%
Future salary increases	10.00%	10.00%
Attrition rate		
Based on Completed Years of service		
Up to 2 years	23.00%	24.00%
3 - 4 years	5.00%	8.00%
Above 4 years	2.00%	4.00%
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ultimate -100%	Indian Assured Lives Mortality (2012-14) Ultimate -100%

Notes:

- Discount rate: The discount rate is based on the prevailing market yields of Indian government securities for the estimated term of the obligations.
- Salary escalation rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
- Assumptions regarding future mortality experience are set in accordance with the statistics published by the Life Insurance Corporation of India.

a. The amounts recognised in the balance sheet and movements in the net defined benefit obligation (DBO) are as follows :

Change in the present value of obligation	March 31, 2023	March 31, 2022
Present value of obligation at the beginning of the year	336	224
Derecognition of liability on account of change of relationship of subsidiary entity to associate entity (Refer note 38)	(10)	-
Liability assumed on acquisition	-	12
Interest cost	24	16
Past service cost	-	-
Current service cost	140	84
Benefits paid	(36)	(29)
Remeasurement due to		
Actuarial loss/(gain) arising from change in financial assumptions	(12)	2
Actuarial loss/(gain) arising on account of experience changes	(24)	5
Actuarial (gain)/loss arising on account of demographical assumptions	12	22
Present value of obligation at the end of the year	430	336
- obligation with funded plan*	383	296
- obligation with unfunded plan	47	40

*The Group has invested the amounts in pension fund with Life Insurance Corporation of India.



Notes to Consolidated financial statements for year ended March 31, 2023

b. The amounts recognised in the balance sheet and movements in the fair value of plan assets over the year are as follows :

Change in the fair value of plan assets	March 31, 2023	March 31, 2022
Fair value of plan assets at the beginning of the year	214	118
Expected returns on plan assets	(2)	1
Interest on plan assets	15	8
Actuarial gains/(losses)	-	-
Contributions made by the Company	84	87
Benefits paid	-	-
Fair value of plan assets at the end of the year	311	214

Reconciliation of present value of defined benefit obligation and the fair value of assets	March 31, 2023	March 31, 2022
Present value of funded obligation at the end of the year	430	336
Fair value of plan assets as at the end of the period	(311)	(214)
Net deficit	119	122

Amount recognised in the statement of profit and loss	March 31, 2023	March 31, 2022
Current service cost	140	84
Interest cost	8	8
Total expense recognized in the statement of profit and loss	148	92

Amount recognised in other comprehensive income	March 31, 2023	March 31, 2022
Remeasurements during the year due to		
Changes in financial assumptions	(12)	2
Changes in demographic assumptions	12	22
Experience adjustments	(24)	5
Amount recognised in other comprehensive income during the year	(24)	29

c. The sensitivity of significant assumptions used for valuation of defined benefit obligation is as follows :

Impact from percentage point increase / decrease in	March 31, 2023	March 31, 2022
Discount rate +100 basis points	(355)	(290)
Discount rate -100 basis points	521	394
Salary increase rate +100 basis points	476	366
Salary increase rate -100 basis points	(380)	(307)

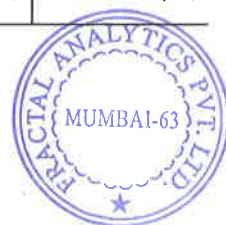
The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice it is unlikely to occur, and changes in some of the assumptions may be correlated. The methods and types of assumption used in preparing the sensitivity analysis did not change compared to previous period.

d. Weighted average duration of defined benefit plan :

Particulars	As at March 31, 2023	As at March 31, 2022
Gratuity Plan	21 Years	16 Years

e. Expected future benefit payments on undiscounted basis

Expected cash flows for following year	March 31, 2023	March 31, 2022
Expected total benefit payments in next 1 year	6	13
Year 2 - 5 years	43	57
6 - 10 years	82	100
More than 10 years	2,279	1,178



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Notes to Consolidated financial statements for year ended March 31, 2023

(29) Related party transactions

(a) Related parties

Sr. No	Name of the party	Nature of relationship
1	Quinag Bidco Limited (up to March 28, 2022)	Parent Company
2	Quinag Bidco Limited (w.e.f. March 29, 2022)	Company having significant influence
3	TPG Fett Holdings Pte. Limited (w.e.f. March 29, 2022)	Company having significant influence

(b) Key managerial personnel

Sr. No	Particulars	Nature of relationship
1	Mr. Srikanth Velamakanni	Whole-time Director
2	Mr. Pranay Agrawal	Executive Director
3	Ms. Somya Agarwal	Company Secretary

(c) Transactions and balances

(in Rupees million)			
Sr. No	Nature of Transaction	March 31, 2023	March 31, 2022
A	Transactions		
1	Managerial remuneration		
	Srikanth Velamakanni	54	534
	Pranay Agrawal	62	532
	Somya Agarwal	10	10
2	Issue of Equity shares		
	Srikanth Velamakanni (partly paid)	-	244
	Pranay Agarwal	-	488
3	Issue of 0.001% Compulsorily Convertible Cumulative Preference share		
	Quinag Bidco Limited	-	3,057
4	Interest Income		
	Pranay Agrawal	8	5
5	Loan given		
	Pranay Agrawal	-	487
6	Repayment of loan		
	Pranay Agrawal	251	-
7	Repayment of borrowings		
	Quinag Bidco Limited	-	2,929
8	Interest Expense		
	Quinag Bidco Limited	-	8
Sr. No	Balances	March 31, 2023	March 31, 2022
1	Loan including interest accrued		
	Pranay Agrawal	269	492

** Refer note 12 with respect to initial public offer expenses.

Key managerial personnel who are under the employment of the Parent Company are entitled to post employment benefits recognized as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are amounts provided on the basis of actuarial valuation, the same is not included above. Gratuity has been computed for the entity as a whole and hence excluded.

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and are done in ordinary course of business. Outstanding balances at the year-end are unsecured and settlement occurs in cash.



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Notes to Consolidated financial statements for year ended March 31, 2023

(30) Leases

Group as lessee

The Group entities have entered into cancellable leasing arrangement in respect of office premises for a period of 3-5 years which are renewable on mutual consent.

Ind AS 116 - Lease liabilities		(in Rupees million)	
Particulars	As at March 31, 2023	As at March 31, 2022	
Non-current	243	279	
Current	273	264	
Total	516	543	

(i) Movement in Lease Liabilities:

		(in Rupees million)	
Particulars of Lease Liabilities	As at March 31, 2023	As at March 31, 2022	
Opening Balance	543	681	
Add: On account of business combinations	-	42	
Add: Additions on account of new leases	277	42	
Add: Finance cost accrued during the year	45	61	
Less: Termination	(33)	-	
Add: Exchange differences on translating the financial statements of foreign operations	9	3	
Less: Payment of Lease Liabilities	(325)	(286)	
Closing Balance	516	543	

(ii) The contractual maturities of Lease liabilities are as under on undiscounted basis:

Particulars	As at March 31, 2023	As at March 31, 2022
Payable within one year	69	303
Payable later than one year and not later than five years	464	256
Payable after five years	28	-

(iii) Lease payments recognised for short term leases in statement of Profit and Loss during the year	33	27
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(iv) Following amounts are recognised in the Consolidated Statement of Profit and Loss

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Amortisation of Right of use assets	246	238
Interest expense on lease liabilities	45	61
Expense relating to low value assets/short term leases (included in other expense)	33	27

The Group 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.



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Notes to Consolidated financial statements for year ended March 31, 2023

(31) Fair value measurement

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities if the carrying amount is a reasonable approximation of fair value - those include cash and cash equivalents, other bank balances, trade receivables, other financial assets, trade payables and other financial liabilities.

		(in Rupees million)	
Fair value through profit and loss	Level	March 31, 2023	March 31, 2022
Assets			
Investments	2	2,906	4,023
Derivative asset - Forward contract receivable	2	-	21
Total assets		2,906	4,044
Liabilities			
Derivative liability - Forward contract payable	2	24	-
Total liabilities		24	-

		(in Rupees million)	
Amortised cost		March 31, 2023	March 31, 2022
Assets			
Investments		12	12
Trade receivables		5,009	3,958
Cash and cash equivalents		2,132	1,832
Other bank balances		71	419
Loans		269	492
Other financial assets		267	243
Total assets		7,760	6,956
Liabilities			
Borrowings		3,256	3,009
Lease liability		516	543
Trade payables		571	626
Other financial liabilities		1,982	1,408
Total liabilities		6,325	5,586

Note: Carrying amounts of cash and cash equivalents, bank balances, loans, trade receivables, borrowings, lease liabilities, trade payables and other liabilities as at March 31, 2023 and March 31, 2022 approximate the fair value.

Note:

There are no transfers between any of these levels during the current and previous year.



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Notes to Consolidated financial statements for year ended March 31, 2023

(32) Financial risk management framework

The Parent Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Additionally, the Board for each Group entity is responsible for developing and monitoring the risk management policies. The Board holds regular meetings on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and each Company's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Financial instruments that are subject to concentration of credit risk principally consist of trade receivables, investments, cash and cash equivalents and other balances with banks. None of the financial instruments of the Company result in material concentration of credit risk.

Cash and cash equivalents

Credit risk on cash and cash equivalents and other deposits with banks is limited as the Group generally invest in deposits with banks with high credit ratings assigned by external credit rating agencies, accordingly the Group considers that the related credit risk is low.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

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

Credit quality of a customer is assessed based on its credit worthiness. Outstanding customer receivables are regularly monitored. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables and other receivables.

The movement in the allowance for impairment in respect of trade and other receivables is as follows:

Particulars	(in Rupees million)	
	March 31, 2023	March 31, 2022
Balance at the beginning of the period	22	18
Provision for the year	44	14
Bad debts during the year	-	(10)
Balance at the end of the period	66	22

The Group's exposure to customers is diversified and one customer contributes to more than 10% of outstanding trade receivables (including unbilled receivables) as at March 31, 2023 (two customer as at March 31, 2022). Geographical concentration of trade receivables (including unbilled receivables) have been disclosed in segment report under note 34.

Investments

Investments primarily include investment in liquid mutual fund units with high credit ratings assigned by external credit rating agencies, accordingly the Group considers that the related credit risk is low.

b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. The Group has access to undrawn revolving credit facility at the year ended March 31, 2023 amounting to USD 18 million (USD 18 million at the year ended March 31, 2022) which could be used for the working capital needs as and when required.



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Notes to Consolidated financial statements for year ended March 31, 2023

Maturities of financial liabilities

The below table analyses the Group's financial liabilities into relevant maturity based on their contractual maturities. The amounts disclosed in the table are contractual undiscounted cash flows.

Particulars	Carrying amount	(in Rupees million)		
		Undiscounted amounts		
		< 12months	1 - 2 Year	> 2 Year
March 31, 2023				
Non Derivative financial instruments				
Trade payables	571	571	-	-
Other financial liabilities	1,982	1,866	140	-
Lease liability	516	308	107	189
Borrowings	3,256	35	35	3,347
March 31, 2022				
Non Derivative financial instruments				
Trade payables	626	626	-	-
Other financial liabilities	1,408	1,395	-	-
Lease liability	543	340	210	8
Borrowings	3,188	24	24	3,116

(c) Market risk

Market risk is the risk arising from changes in market prices – such as foreign exchange rates and interest rates – that will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The Group is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of the investments. Thus, the exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency.

(i) Currency risk

The Group is exposed to currency risk on account of foreign currency transactions including recognized assets and liabilities denominated in a currency that is not the company's functional currency. The Group ensures that the net exposure is kept to an acceptable level.

Exposure to currency risk

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR, is as follows:

As at March 31, 2023

Particulars	(in Rupees million)			
	USD	EUR	GBP	Others
Financial assets				
Trade receivables	6,083	507	131	90
Net exposure to foreign currency (assets)	6,083	507	131	90
Financial liabilities				
Trade payables	343	-	-	17
Net exposure to foreign currency (liabilities)	343	-	-	17
Net exposure to foreign currency	5,740	507	131	72



Fractal Analytics Private Limited

Notes to Consolidated financial statements for year ended March 31, 2023

As at March 31, 2022

(in Rupees million)				
Particulars	USD	EUR	GBP	Others*
Financial assets				
Cash and cash equivalents*	0	0	-	0
Trade receivables	3,283	399	128	-
Net exposure to foreign currency (assets)	3,283	399	128	0
Financial liabilities				
Trade payables	227	-	-	-
Net exposure to foreign currency (liabilities)	227	-	-	-
Net exposure to foreign currency	3,056	399	128	0

*Amounts less than Rs 1 million

Sensitivity analysis

Any change with respect to strengthening (weakening) of the Indian Rupee against various currencies as at March 31, 2023 and March 31, 2022 would have affected the measurement of financial instruments denominated in respective currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(in Rupees million)		
Particulars	Impact on profit after tax and equity	
	March 31, 2023	March 31, 2022
USD		
- Increase by 5%	215	114
- Decrease by 5%	(215)	(114)
EUR		
- Increase by 5%	19	15
- Decrease by 5%	(19)	(15)
GBP		
- Increase by 5%	5	5
- Decrease by 5%	(5)	(5)
Others*		
- Increase by 5%	3	0
- Decrease by 5%	(3)	(0)

* Amount less than Rs 1 Million

Outstanding Derivative contracts

The Group hedges exposures to changes in foreign currency. The counterparty for these contracts is a bank. Forward contracts are valued at fair value through profit and loss.

The following table gives details in respect of outstanding hedge contracts:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Notional amount of contracts (in million)	Fair value (Rs in million)	Notional amount of contracts (in million)	Fair value (Rs in million)
(fair valuation through profit and loss)				
USD	51	4,282	26	2,010
EUR	6	501	-	-

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Exposure to interest rate risk

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

The Group is exposed to interest rate risk on the borrowing outstanding in the books as at March 31, 2023 pursuant to movement in Term SOFR. The interest reset period or the amortization schedule is not fixed under this credit facility and hence the same has not been hedged.



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Notes to Consolidated financial statements for year ended March 31, 2023

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	(in Rupees million)	
	Impact on profit after tax and equity	
	March 31, 2023	March 31, 2022
Change in Term SOFR		
- Increase by 1%	(26)	(24)
- Decrease by 1%	26	24

(iii). Capital risk management

The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. The capital structure is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business.

Net gearing ratio at the end of the reporting period is as follows:

Particulars	(in Rupees million)	
	March 31, 2023	March 31, 2022
Borrowings	3,256	3,009
Less : Cash and cash equivalents	(2,132)	(1,832)
Less : Other bank balances	(151)	(419)
Less : Investment in liquid mutual funds	(2,906)	(4,023)
Net Debt (A)	(1,933)	(3,265)
Total Equity (B)	13,634	11,029
Net Gearing Ratio (A/B)	-	-



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Notes to Consolidated financial statements for year ended March 31, 2023

(33) Employee Stock Options Scheme (ESOP)

The Parent company has granted stock options under Fractal Employees Stock Option Plan (ESOP) to its employees which was approved by its Board and Shareholders and further amended in line with the provisions of Companies Act, 2013. Pursuant to the Plan, the Parent Company has issued grants to its various employees from time to time during financial years 2008 to 2023. These options vest over the period of 1-4 years from the grant date and are exercisable within 10 years from vesting date for 2007 scheme and are exercisable within 10 years from grant date for 2019 scheme. In the case of resignation of the employee, the vested grants lapse (if not exercised) after 60 days from the date of resignation from service. Vesting of options is subject to continued employment with the Company. The plan is an equity settled plan. The employee compensation expense for the year is determined on fair value basis.

For the year ended March 31, 2023

Particulars	2007 to 2011	2011 to 2014	2014-2015	2015-2016	2016-17	2017-2018	2018-19	2019-20	2020-21	2021-22	2022-23
	T-1	T-2	T-3	T-4	T-5	T-6	T-7	T-8	T-9	T-10	T-11
No. of options granted	745,750	933,850	229,750	1,578,500	47,300	372,000	1,020,000	35,000	330,912	1,873,514	261,406
Exercise Price (in Rupees)	1	40	279	279.81	595.26	595.26-610.00	610-640	640-846	846	846-2270	846-3218
Fair Value on Date of Grant of option (in Rs.)	2.60-4.47	7.58 to 249.16	101.93 to 219.35	101.43 to 478.27	216.15 to 283.48	203.56 to 270.66	197.58-267.45	104.79 to 231.07	136.31 - 382.58	170.59 to 1663.75	654.23 to 1707.20

Movement of Options Granted with Weighted Average Exercise Price (WAEP)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Nos	WAEP	Nos	WAEP
Options outstanding at the beginning of the year	2,856,378	787	1,970,078	545
Options granted during the year	261,406	2,120	1,873,514	895
Options lapsed during the year	(234,810)	1,026	(292,275)	706
Options settled/cancelled during the year	(55,737)	846	-	-
Options revived during the year	3,000	640	-	-
Options exercised during the year	(232,856)	506	(694,939)	426
Options outstanding at the end of the year	2,597,381	952	2,856,378	787

The options granted under the above Scheme, shall vest in graded manner over a period of 1-4 years. Each option will entitle the participant to one equity share.

The weighted average fair values of the options granted during the year was Rs 1,109 (March 31, 2022 : Rs 545).

The weighted average stock price of the options granted during the year ended March 31, 2023 is Rs 2,270 (March 31, 2022 :Rs 1,126).

Weighted average remaining contractual life (years) of the options based on the exercise price :

Exercise Price	1.00	40.00	279.81	595.26	610.00	640.00	846.00	2,270.00	3,128.00
No. of options outstanding	10,000	16,300	119,602	32,500	107,200	283,125	1,754,340	205,948	68,366
Weighted average remaining contractual life (years)	-	2.44	6.15	6.01	8.14	8.71	8.94	9.24	9.12

Contracts with zero Weighted average remaining contractual life includes options where exercise date is extended.

The fair valuation of options has been done by an independent firm of Chartered Accountants on the date of grant using the Black-Scholes Model.

The key assumptions in the Black-Scholes Model for calculating fair value as on the date of grant:

Particulars	ESOP 2022-23	ESOP 2021-22
Risk Free Rate	5.45 % - 9.19 %	5.45 % - 9.19 %
Option Life (Based on Simplified Average Method)	5 to 7 years	5 to 7 years
Expected Volatility	9.76 %	9.76 %
Expected Growth in Dividend	- 63.91 %	- 63.91 %
	0%	0%



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Notes to Consolidated financial statements for year ended March 31, 2023

(b) Employee Stock Option Plan - Management incentive plan

The parent Company has granted stock option under its 'Employee Stock Option Plan (ESOP) Time/Performance Based Management Incentive Plan (MIP) 2019' to its employees which was approved by its Board and Shareholders. Pursuant to the Plan, the parent company has issued grants to its various employees from time to time during the financial year 2022-2023. Of these options, time based options will vest over the period of 1-4 years from the grant date, whereas performance based options will vest over satisfaction of milestones stipulated in performance based management plan. These MIPs are exercisable within 10 years from grant date. In the case of termination of employment without Cause or resignation for good reason of the management personnel, the vested grant lapses (if not exercised) after 3 months from the date of resignation from service. Vesting of options is subject to continued employment with the Company. The plan is an equity settled plan. The management personnel compensation expense for the year has been determined on fair value basis.

For the year ended March 31, 2023

Particulars	2022-2023	2022-2023	2021-2022	2021-2022
	Time Based	Performance based	Time based	Performance based
No. of Options granted	53,016	106,184	1,056,316	2,138,028
Exercise Price	846-2,270	846-2,270	846-2,270	846-2,270
Fair Value on Date of Grant of option (in Rs.)	1002.64 to 1,690.37	1022.19 to 1,693.12	176.92 to 1,663.75	176.92 to 1,663.75

Movement of Options Granted with Weighted Average Exercise Price (WAEP)

Particulars	Time based		Performance based		Time based		Performance based	
	As at March 31, 2023		As at March 31, 2023		As at March 31, 2022		As at March 31, 2022	
	No. of options	WAEP	No. of options	WAEP	No. of options	WAEP	No. of options	WAEP
Options outstanding at the beginning of the year	1,055,156	1,054	2,135,688	1,054	-	-	-	-
Options granted during the year	53,016	1,580	106,184	1,579	1,056,316	1,056	2,138,028	1,056
Options lapsed during the year	(27,940)	1,702	(56,060)	1,702	(1,160)	2,270	(2,340)	2,270
Options settled/cancelled during the year	(19,630)	1,582	(56,040)	1,787	-	-	-	-
Options exercised during the year	-	-	-	-	-	-	-	-
Options outstanding at the end of the year	1,060,602	1,055	2,129,772	1,044	1,055,156	1,054	2,135,688	1,054

The options granted under the above Scheme, shall vest in graded manner over a period of 1-4 years. Each option will entitle the participant to one equity share.

The weighted average fair values of the options granted during the year was Rs 1,351 (March 31, 2022: 770).

The weighted average stock price of the options granted during the year ended March 31, 2023 is Rs 2,270 (March 31, 2022 : 1,459).

The fair valuation of option has been done by an independent firm of Chartered Accountants on the date of grant using the Binomial Model.

Weighted average remaining contractual life (years) of the options based on the exercise price :

Exercise Price	846	2,270
No. of options outstanding	2,739,044	451,330
Weighted average remaining contractual life (in years)	8.20	8.99

The key assumptions for Binomial Model for calculating fair value as on the date of grant:

Particulars	MSOP 2022-23	MSOP 2021-22
Risk Free Rate	5.75% to 7.13%	5.75% to 6.16%
Option Life	5 years	5 years
(Based on Simplified Average Method)		
Expected Volatility	19.98% -39.76%	19.98% -34.05%
Expected Growth in Dividend	0%	0%

(c) The expense recognised for employee services received during the year is shown in the following table:

Particulars	(in Rupees million)	
	Year ended March 31, 2023	Year ended March 31, 2022
Expense arising from equity-settled share-based payment transactions		
- for parent Company	1,573	189
- for subsidiary Companies*	14	30
Total	1,587	219

*This expense pertains to ESOP of subsidiary companies and expense has been recognised using Black-scholes model as per the terms of the respective plans.



Fractal Analytics Private Limited

Notes to Consolidated financial statements for the year ended March 31, 2022

(34) Segment reporting

Business segment

The Group's business segments are reflected based on principal business activities carried on by the Group. The Group's businesses are as under:

- 1) Fractal.ai segment provides advanced analytics services that helps companies leverage data driven insights in taking informed decisions.
- 2) Fractal alpha segment is focused on incubated and acquired products including Crux intelligence, Qure.ai, Senseforth.ai, Asper.ai, Analytics Vidya, Theremin and Eugene.

These segments are determined based on the internal organisation and management structure of the Parent and its system of internal financial reporting. The Chief executive officer of the Group has been identified as Chief Operating Decision Maker (CODM) who allocates the resources based on analysis of various performance indicators of the Group as disclosed for the above segment.

Geographical segment

The Group's operations are majorly based in America, Europe and APAC and Others.

Segment accounting policies

Segment accounting policies are in line with accounting policies of the Group. In addition, the following specific accounting policies have been followed for segment reporting :

- i) Segment revenue includes income directly identifiable with the segments.
- ii) Operating income is derived after deducting employee related expenses and other expenses of respective segments
- iii) Expenses and Incomes that are directly identifiable with the segments are considered for determining the segment result. Expenses and Income which relate to the Group as a whole and not allocable to segments and which relate to the operating activities of the segment but are impracticable to allocate to the segment, are included under "Unallocated".
- vi) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Group as a whole and not allocable to any segment.

Summarised segment information for the years ended March 31, 2023 and March 31, 2022, is as follows:

(in Rupees million)

March 31, 2023

Particulars	Fractal.ai	Fractal.alpha	Unallocated	Intersegment elimination	Total
Revenue from operations	19,548	409	-	(104)	19,854
Operating income*	121	(1,514)	(80)	-	(1,474)
Other income/(expense)	253	(10)	5,597	-	5,840
Finance cost	(29)	(1)	(423)	-	(453)
Depreciation and amortisation	(376)	(159)	(246)	-	(781)
Segment results	(31)	(1,684)	4,848	-	3,133

*Operating income for Fractal.ai and Fractal.alpha segment is net of one time bonus paid for Rs 314 million and 157 million respectively.

March 31, 2022

Particulars	Fractal.ai	Fractal.alpha	Unallocated	Intersegment elimination	Total
Revenue from operations	12,439	597	-	(83)	12,953
Operating income*	81	(561)	(355)	-	(835)
Other income	114	15	58	-	187
Finance cost	(1)	(1)	(137)	-	(139)
Depreciation and amortisation	(275)	(172)	(241)	-	(688)
Segment results	(81)	(719)	(675)	-	(1,475)

*Operating income for Fractal.ai segment is net of one time bonus paid for Rs 985 million and 19 million of retention bonus.

	March 31, 2023	March 31, 2022
Segment Asset		
Fractal.ai	12,585	10,264
Fractal alpha	6,078	3,086
Unallocated	3,824	5,100
	22,487	18,450
Segment Liabilities		
Fractal.ai	4,704	3,296
Fractal alpha	380	573
Unallocated	3,769	3,551
	8,853	7,421
Capital Employed		
Fractal.ai	7,880	6,968
Fractal alpha	5,699	2,512
Unallocated	55	1,549
	13,634	11,029



Fractal Analytics Private Limited

Notes to Consolidated financial statements for the year ended March 31, 2022

Geographical disclosure

Geographical revenue is allocated based on the location of the customer. Information regarding geographical revenue is as follows :

(in Rupees million)		
Country	As at March 31, 2023	As at March 31, 2022
America	13,339	8,529
Europe	3,467	2,472
APAC & Others	3,048	1,952
	19,854	12,953

Geographical non-current assets (property, plant and equipment, right-of-use assets, goodwill, other intangible assets, income tax assets and other non current assets) are allocated based on the location of the assets

Information regarding geographical non-current assets is as follows:

(in Rupees million)		
Country	As at March 31, 2023	As at March 31, 2022
America	3,919	3,648
APAC & Others	1,840	2,320
Europe	33	24
Total	5,792	5,992

Disclosure of top customer having sales more than 10 % of the total revenues

(in Rupees million)		
% of Total sales		
Customer	As at March 31, 2023	As at March 31, 2022
Customer A	15%	13%
Customer C	7%	10%



Fractal Analytics Private Limited

Notes to Consolidated financial statements for year ended March 31, 2023

(35) Business Combination

(a) Acquisition of Asper.ai Group (Formerly known as Samya.ai)

During the previous year, the Group on June 15, 2021 (acquisition date) acquired 100 % of outstanding shares of Asper.ai Technologies Private Limited and Asper.ai Inc (Asper.ai) (referred to as 'Asper.ai Group') resulting in full control of the entities. The Group had acquired controlling stake for a cash consideration of Rs 377 million (USD 5.12 million) and, deferred compensation of Rs 42 million (USD 568K) to be paid to the founder of Asper.ai Inc at specified intervals over next twenty four months from the date of acquisition.

Asper.ai is a CPGR focused RGM (Revenue Growth Management) AI Company. Asper.ai complements Group's Consumer Product Goods (CPG) capabilities, it utilizes probabilistic machine learning and reinforcement learning approaches together with deep domain expertise to help CPG companies recapture revenue growth potential. Asper.ai's focus on AI based RGM platform and product add adjacencies to Fractal's offerings and is the primary factor that underscore the strategic rationale for this transaction.

The Group had carried out purchase price allocation from an independent valuer as at the date of acquisition and recognised identifiable intangible assets at fair values. The following table summarises the amounts of the assets acquired and liabilities assumed recognised at the acquisition date, as well as the fair value at the acquisition date.

(in Rupees million)			
Particulars	Acquiree's carrying amount	Fair value adjustment	Purchase price allocated
Assets			
Property, plant and equipment	3	-	3
Right-of-use assets	2	-	2
Intangible assets	82	112	194
Trade receivables	12	-	12
Cash and cash equivalents	137	-	137
Other assets	8	-	8
Total assets (A)	244	112	356
Liabilities			
Trade payables	23	-	23
Lease liabilities	2	-	2
Other financial liabilities	3	-	3
Other liabilities	1	-	1
Provisions	1	-	1
Deferred tax liability on intangible assets	-	23	23
Total liabilities (B)	30	23	53
Total fair value of Net assets acquired as on date of acquisition (C=(A-B))	214	89	303
Consideration paid (D)*			418
Goodwill (C-D)**			115

*Includes deferred consideration of Rs 42 Million

**Goodwill recognised is not deductible for income tax purposes

Intangible assets	Rupees Million	Useful life
Client relationships	16	3 Years
Internally generated intangible assets	96	3 Years
Total	112	

The revenue and loss after tax included in the consolidated statement of profit and loss since date of acquisition upto March 31, 2022 contributed by Samya.ai is Rs 35 million and Rs 80 million.

Had Samya.AI been consolidated from April 01, 2021 the consolidated statement of profit and loss for the year ended March 31, 2022 would have included revenue of Rs 45 million and loss after tax of Rs 125 million.



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Notes to Consolidated financial statements for year ended March 31, 2023

(b) Acquisition of Senseforth.ai Group

During the previous year, on August 31, 2021 (acquisition date) the Group acquired 100% of outstanding shares of Senseforth AI Research Private Limited and Senseforth Inc. (Senseforth.AI) (referred to as 'Senseforth.ai Group'), resulting in full control of the entities. The Group had acquired controlling stake in Senseforth.AI for a cash consideration of Rs 478 million by entering into share transfer agreement.

Senseforth.AI had a Conversational AI platform and other Products forming part of the conversational AI platform that help increase revenue, enhance operational efficiency and reduce support costs for its customers. Senseforth.AI focus on AI based platform and product add adjacencies to Groups offerings and is the primary factor that underscore the strategic rationale for this transaction. The work to date validates the differentiated positioning that the combined entity would enjoy.

The Group had carried out purchase price allocation from an independent valuer as at the date of acquisition and recognised identifiable intangible assets at fair values. The following table summarises the amounts of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value at the acquisition date.

(Rs in Million)			
Particulars	Acquiree's carrying amount	Fair value adjustment	Purchase price allocated
Assets			
Property plant and equipment**	0	-	0
Intangible assets	9	93	102
Trade receivables	22	-	22
Cash and cash equivalents	34	-	34
Other financial assets	2	-	2
Other assets	8	-	8
Total assets (A)	75	93	168
Liabilities			
Trade payables	5	-	5
Other financial liabilities**	0	-	0
Other liabilities	1	-	1
Provisions	3	-	3
Deferred tax liabilities	(1)	10	9
Total liabilities (B)	8	10	18
Total fair value of Net assets acquired as on date of acquisition (C=(A-B))	67	83	150
Consideration paid (D)			478
Goodwill (C-D)*			328

*Goodwill recognised is not deductible for income tax purposes

**denotes amount less than Rs 1 million

Intangible assets	Rupees in Million	Useful life
Client relationships	44	10 Years
Internally generated intangible assets	49	5 Years
Total	93	

The revenue and loss after tax included in the consolidated statement of profit and loss for the year ended March 31, 2022 since date of acquisition contributed by Senseforth.ai is Rs 61 million and Rs 31 million.

Had Senseforth.ai been consolidated from April 01, 2021 the consolidated statement of profit and loss for the year ended March 31, 2022 would have included revenue of Rs 107 million and loss after tax of Rs 91 million.



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(c) Acquisition of Neal Analytics Group

During the previous year, on December 29, 2021 (acquisition date) the Group acquired 100 % of Neal Analytics LLC and Neal Analytics Private Limited (referred to as 'Neal Analytics Group'). The Group had acquired controlling stake in Neal for a cash consideration of Rs 2,984 million (USD 40 million) by entering into share transfer agreement.

Neal has expertise and capabilities across each of Azure, Dynamics 365 and Microsoft 365 that helps increase revenue and provide high quality of services to its existing customers.

The Group has carried out purchase price allocation from an independent valuer as at the date of acquisition and recognised identifiable intangible assets at fair values. The following table summarises the amounts of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value at the acquisition date.

Particulars	(Rs in Million)		
	Acquiree's carrying amount	Fair value adjustment	Purchase price allocated
Assets			
Property, plant and equipment***	0	-	0
Right of use assets	38	-	38
Intangible assets	-	744	744
Trade receivables	247	-	247
Cash and cash equivalents	120	-	120
Other financial assets	3	-	3
Other current assets	12	-	12
Deferred tax assets	1	-	1
Total assets (A)	421	744	1,165
Liabilities			
Trade payables	33	-	33
Lease liabilities	40	-	40
Other current liabilities	210	-	210
Provisions	-	-	-
Current tax liabilities	18	-	18
Total liabilities (B)	301	-	301
Total fair value of Net assets acquired as on date of acquisition (C=(A-B))	120	744	864
Consideration paid (D)*			2,984
Goodwill (D-C)**			2,120

*Includes consideration amount payable of Rs 126 million and is disclosed in other current financial liabilities.

**Goodwill recognised is not deductible for income tax purposes.

***denotes amount less than Rs 1 million

Intangible assets	Rupees Million	Useful life
Client relationships	744	10 Years
Total	744	

The revenue and profit after tax included in the consolidated statement of profit and loss for the year ended March 31, 2022 since date of acquisition contributed by Neal Analytics is Rs 488 million and Rs 46 million.

Had Neal been consolidated from April 01, 2021 the consolidated statement of profit and loss for the year ended March 31, 2022 would have included revenue of Rs 1,840 million and profit of Rs 283 million.



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(d) Acquisition of Analytics Vidhya Educon Private Limited

During the previous year, on November 22, 2021 (acquisition date) the Group acquired 55.92 % of outstanding ordinary shares of Analytics Vidhya Educon Private Limited ("Analytics Vidhya"). The Group has paid cash consideration of Rs 408 million (USD 5.52 million) by entering into share transfer agreement.

Analytics Vidhya is a platform for continuous upskilling and hiring in the Industry. By owning a controlling stake in Analytics Vidhya, the Group aims to become a leading community knowledge portal, launch top industry focused certificate programmes and become the largest pool of data tech candidates and jobs.

The Group has carried out purchase price allocation from an independent valuer as at the date of acquisition and recognised identifiable intangible assets at fair values. The following table summarises the amounts of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value at the acquisition date.

Particulars	Acquiree's carrying amount	Rs (in Million)	
		Fair value adjustment	Purchase price allocated
Assets			
Property, plant and equipment	3	-	3
Intangible assets	-	132	132
Trade receivables	9	-	9
Cash and cash equivalents	275	-	275
Other financial assets	1	-	1
Other assets	7	-	7
Deferred tax assets**	0	-	0
Total assets (A)	295	132	427
Liabilities			
Trade payables	10	-	10
Other financial liabilities	1	-	1
Other current liabilities	6	-	6
Provisions	4	-	4
Total liabilities (B)	21	-	21
Total fair value of Net assets acquired as on date of acquisition (C=(A-B))	274	132	406
Group's Share in Analytics Vidhya (D)		55.92%	227
Fair value of Non controlling interests		44.08%	179
Consideration paid (E)			408
Goodwill (E-D)*			181

*Goodwill recognised is not deductible for income tax purposes

**denotes amount less than Rs 1 million

Intangible assets	Rupees Million	Useful life
Developed Content	102	10 Years
Brand	30	5 Years
Total	132	

The revenue and profit after tax included in the consolidated statement of profit and loss for the year ended March 31, 2022 since date of acquisition contributed by Analytics Vidhya is Rs 36 million and Rs 1 million.

Had Analytics Vidhya been consolidated from April 01, 2021 the consolidated statement of profit and loss for the year ended year ended March 31, 2022 would have included revenue of Rs 95 million and profit after tax of Rs 5 million.



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Notes to Consolidated financial statements for year ended March 31, 2023

(36) Particulars of subsidiaries considered in the preparation of the consolidated financial statements:

Subsidiaries	Country of incorporation	As at March 31, 2023	As at March 31, 2022
(a) Subsidiaries directly held			
Fractal Analytics Inc, USA	United States of America	100.00%	100.00%
Fractal Private Limited, Singapore	Singapore	100.00%	100.00%
Cuddle Artificial Intelligence Private Limited*	India	98.15%	98.31%
Qure.ai Technologies Private Limited* (up to April 08, 2022)	India	-	94.58%
Final Mile Consultants Private Limited	India	100.00%	100.00%
Theremin AI Solutions Private Limited*	India	97.30%	97.30%
Eugenie Technologies Private Limited	India	100.00%	100.00%
Asper.AI Technologies Private Limited (Formerly known as Samya.ai Technologies Private Limited (w.e.f June 11, 2021)	India	100.00%	100.00%
Senseforth AI Research Private Limited (w.e.f August 27, 2021)	India	100.00%	100.00%
Analytics Vidya Educon Private Limited (w.e.f November 22, 2021)	India	55.92%	55.92%
Neal Analytics Services Private Limited (w.e.f December 24, 2021)	India	100.00%	100.00%
Fractal Alpha Private Limited (w.e.f March 3, 2022)	India	100.00%	100.00%
(b) Subsidiaries indirectly held			
Fractal Analytics UK Limited	United Kingdom	100.00%	100.00%
Fractal Analytics (Switzerland) GmbH	Switzerland	100.00%	100.00%
Fractal Analytics (Canada) Inc.	Canada	100.00%	100.00%
Fractal Analysis Germany GmbH (Germany)	Germany	100.00%	100.00%
Fractal Analytics Netherland B.V (Netherlands)	Netherlands	100.00%	100.00%
Cuddle.ai Inc.*	United States of America	98.15%	98.31%
4i Consulting Inc.	United States of America	100.00%	100.00%
Limited Liability Company Symphony (Ukraine)	Ukraine	100.00%	100.00%
Final Mile Consulting LLC	United States of America	100.00%	100.00%
Fractal Analytics Sweden AB	Sweden	100.00%	100.00%
Fractal Analytics (Shanghai) Limited	China	100.00%	100.00%
Fractal Analytics Malaysia SDN BHD	Malaysia	100.00%	100.00%
Qure.ai Inc.* (up to April 08, 2022)	United States of America	-	94.58%
Qure.ai Technologies Limited, UK* (up to April 08, 2022)	United Kingdom	-	94.58%
Fractal Analytics Australia Pty. Ltd	Australia	100.00%	100.00%
Theremin Multistrategy Fund LLP	India	97.30%	97.30%
Asper.AI Limited (Formerly known as Samya.AI Limited (w.e.f June 15, 2021)	United Kingdom	100.00%	100.00%
Asper.AI Inc (Formerly known as Samya.AI Inc (w.e.f June 15, 2021)	United States of America	94.76%	100.00%
Senseforth AI Research Inc (w.e.f August 31, 2021)	United States of America	100.00%	100.00%
Eugene Inc. (w.e.f December 16, 2021)	United States of America	100.00%	100.00%
Neal Analytics LLC (w.e.f December 31, 2021)	United States of America	100.00%	100.00%
Fractal Analytics FZ LLC (w.e.f September 02, 2022)	United Arab Emirates	100.00%	100.00%
Fractal Forientiers, Inc (w.e.f March 03, 2022)	United States of America	100.00%	100.00%

The Group is engaged in principal activity of Analytics, Machine Learning and Artificial Intelligence

*Based on equity holding excluding dilution due to convertible instruments and employee stock option pool of subsidiaries companies.



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(37) As per Schedule III of the Companies Act 2013, the required information on subsidiaries is provided in the following table:

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013
For year ended March 31, 2023

(in Rupees million)

Name of the subsidiaries	Net Assets i.e Total Assets minus Total Liabilities		Share In Profit or Loss		Share In OCI		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Profit or Loss	Amount
Parent								
Fractal Analytics Private Limited	112%	15,005	-28%	(560)	20%	20	-25%	(540)
Subsidiaries								
Fractal Analytics Inc., USA	6%	746	-63%	(1,272)	0%	-	-60%	(1,272)
Fractal Private Limited, Singapore	1%	117	0%	7	0%	-	0%	7
Cuddle Artificial Intelligence Private Limited	-6%	(791)	-16%	(324)	0%	0	-15%	(324)
Final Mile Consultants Private Limited	1%	147	1%	17	0%	(0)	1%	17
Theremin AI Solutions Private Limited	0%	8	-6%	(129)	0%	0	-6%	(129)
Eugenie Technologies Private Limited	0%	(44)	1%	16	-1%	(1)	1%	15
Fractal Alpha Private Limited	0%	(0)	0%	(5)	0%	-	0%	(5)
Samya.AI Technologies Private Limited	1%	109	1%	24	0%	0	1%	24
Senseforth AI Research Private Limited	-1%	(193)	-13%	(259)	-1%	(1)	-12%	(260)
Analytics Vidya Educon Private Limited	1%	136	-7%	(143)	0%	0	-7%	(143)
Neal Analytics Services Private Limited	1%	81	2%	33	-2%	-2	1%	31
Step down Subsidiaries								
Fractal Analytics UK Limited	3%	353	8%	164	0%	-	8%	164
4i Consulting Inc	-3%	(432)	1%	28	0%	-	1%	28
Samya.ai Inc.	0%	(62)	-13%	(272)	0%	-	-13%	(272)
Senseforth AI Research Inc	1%	104	-3%	(54)	0%	-	-3%	(54)
Samya.AI Limited, UK	0%	4	0%	0	0%	-	0%	-
Neal Analytics LLC	2%	243	-10%	(207)	0%	-	-10%	(207)
Fractal Analytics (Switzerland) GmbH	0%	16	0%	0	0%	-	0%	-
Fractal Analytics Malaysia SDN BHD	0%	6	0%	0	0%	-	0%	-
Fractal Analytics (Germany) GmbH	0%	9	0%	3	0%	-	0%	3
Fractal Analytics (Canada) Inc.	0%	54	2%	35	0%	-	2%	35
Fractal Analytics Netherlands B.V	0%	7	0%	5	0%	-	0%	5
Fractal Analytics Australia Pty. Limited	0%	66	2%	36	0%	-	2%	36
Fractal Analytics Sweden AB	0%	1	0%	0	0%	-	0%	-
Fractal Analytics (Shanghai) Limited	0%	31	0%	3	0%	-	0%	3
Fractal Frontiers, Inc	0%	(0)	0%	(0)	0%	-	0%	-
Limited Liability Company "Symphony (Ukraine)	0%	28	0%	6	0%	-	0%	6
Final Mile Consulting LLP	-2%	(283)	-1%	(30)	0%	-	-1%	(30)
Cuddle.ai Inc	-3%	(424)	-21%	(427)	0%	-	-20%	(427)
Eugenie.AI INC	-2%	(262)	-11%	(231)	0%	-	-11%	(231)
Theremin Multistrategy Fund LLP	0%	-	0%	-	0%	-	0%	-
Total	110%	14,780	-174%	(3,536)	17%	16	-165%	(3,520)
Adjustments arising out of Consolidation:	-9%	(1,146)	270%	5,480	83%	81	261%	5,561
Non controlling interest	-2%	(203)	4%	86	0%	-	4%	86
Total	100%	13,431	100%	2,030	100%	97	100%	2,127



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For year ended March 31, 2022

Name of the subsidiaries	(in Rupees million)							
	Net Assets i.e Total Assets minus Total		Share In Profit or Loss		Share In OCI		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Profit or Loss	Amount
Parent								
Fractal Analytics Private Limited	144%	13,821	2%	(26)	-34%	(28)	4%	(54)
Subsidiaries								
Fractal Analytics Inc., USA	16%	1,649	48%	(701)	-53%	(43)	54%	(744)
Fractal Private Limited, Singapore	3%	255	0%	3	0%	-	0%	3
Cuddle Artificial Intelligence Private Limited	-5%	(468)	18%	(261)	2%	1	19%	(260)
Qure.ai Technologies Private Limited	6%	539	17%	(242)	0%	(0)	17%	(242)
Final Mile Consultants Private Limited	1%	130	0%	5	-1%	(1)	0%	4
Theremin AI Solutions Private Limited	1%	132	2%	(26)	0%	(0)	2%	(26)
Eugenie Technologies Private Limited	-1%	(58)	3%	(40)	1%	1	3%	(39)
Fractal Alpha Private Limited	0%	0	0%	0	0%	-	0%	-
Samya.AI Technologies Private Limited	1%	85	-1%	13	0%	0	-1%	13
Senseforth AI Research Private Limited	0%	31	0%	(1)	-3%	(3)	0%	(4)
Analytics Vidya Educon Private Limited	3%	275	0%	1	1%	0	0%	1
Neal Analytics Services Private Limited	1%	50	0%	6	0%	0	0%	6
Step down Subsidiaries								
Fractal Analytics UK Limited	2%	175	-4%	54	0%	-	-4%	54
4i Consulting Inc	-4%	(424)	-1%	15	0%	-	-1%	15
Samya.ai Inc.	2%	183	6%	(92)	0%	-	7%	(92)
Senseforth AI Research Inc	2%	147	2%	(30)	0%	-	2%	(30)
Samya.AI Limited, UK	0%	4	0%	(0)	0%	-	0%	-
Neal Analytics LLC	1%	175	-3%	39	0%	-	-3%	39
Fractal Analytics (Switzerland) GmbH	0%	14	0%	0	0%	-	0%	-
Fractal Analytics Malaysia SDN BHD	0%	7	0%	(2)	0%	-	0%	(2)
Fractal Analytics (Germany) GmbH	0%	3	0%	2	0%	-	0%	2
Fractal Analytics (Canada) Inc.	0%	9	-1%	10	0%	-	-1%	10
Fractal Analytics Netherlands B.V	0%	4	0%	(2)	0%	-	0%	(2)
Fractal Analytics Australia Pty. Limited	0%	13	-1%	17	0%	-	-1%	17
Fractal Analytics Sweden AB	0%	1	0%	(2)	0%	-	0%	(2)
Fractal Analytics (Shanghai) Limited	0%	25	0%	3	0%	-	0%	3
Limited Liability Company "Symphony (Ukraine)	0%	22	0%	3	0%	-	0%	3
Final Mile Consulting LLP	-2%	(232)	1%	(9)	0%	-	1%	(9)
Qure.ai Inc, USA	1%	52	0%	1	0%	-	0%	1
Qure.ai Limited, UK	0%	5	0%	2	0%	-	0%	2
Cuddle.ai Inc	0%	11	0%	6	0%	-	0%	6
Eugenie.AI INC	0%	(25)	2%	(28)	0%	-	2%	(28)
Theremin Multistrategy Fund LLP	0%	-	0%	-	0%	-	0%	-
Total	172%	16,442	87%	(1,282)	-89%	(73)	98%	(1,355)
Adjustments arising out of Consolidation:	-87%	(8,311)	11%	(168)	189%	154	1%	(14)
Non controlling interest	15%	1,449	1%	(17)	0%	0	1%	(17)
Total	100%	9,580	100%	(1,467)	100%	81	100%	(1,386)

Amount appearing as zero denotes amount less than Rs 1 million



Fractal Analytics Private Limited

Notes to Consolidated financial statements for the year ended March 31, 2023

(38) Investment in associate

Qure.ai Technologies Private Limited ('Qure.ai') incorporated in India is building machine learning algorithms which can automatically interpret radiology images such as MRIs, CT Scans and X-rays. Its solutions help radiologists improve the accuracy of their reporting. It also improves radiologists' productivity by automating the easy tasks and allowing them to focus on the difficult ones, thus improving quality of care.

During the year, Qure.ai' has sought investment from external investors resulting in Group's deemed loss of control in Qure.ai. Consequently, post this transaction, the Group has assessed that it has significant influence over Qure.ai and has considered it as associate company with effect from date of transaction i.e. April 08, 2022. For the administrative convenience, deemed loss of control and significant influence thereafter is considered with effect from April 01, 2022.

Pursuant to this change in relationship, the Group has derecognised all the assets and liabilities as at April 01, 2022 and has recorded the investment in Qure.ai at fair value as at April 01, 2022. This has resulted in gain of Rs 5,410 million which have been recorded under exceptional items and deferred tax liability there on in statement of Profit and loss for the year ended March 31, 2023. The Group holds 37.23% in Qure.ai on fully diluted basis as at March 31, 2023.

(in Rupees million)

(a) Movement of investment in associates

As at
March 31, 2023

Deemed cost of investment	4,769
Share of loss for the year (Refer note c below)	(290)
Aggregate carrying amount of investment	4,479

(b) Summary of Balance sheet

As at
March 31, 2023

Non Current assets	334
Current assets	3,312
Non current liabilities	(19)
Current liabilities	(769)
Equity	2,858

(c) Summary of Statement of Profit and Loss

Year ended
March 31, 2023

Revenue from operations and other income	913
Total expenses	1,691
Net loss before tax	(778)
Total comprehensive loss for the year	(776)
Group's share of loss in associate	(291)
Group's share of Other comprehensive income in associate	1
Group's share of Total comprehensive income in associate	(290)



Fractal Analytics Private Limited

Notes to Consolidated financial statements for year ended March 31, 2023

(39) Earnings per share

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit/(Loss) attributable to the equity holders of the Parent Company (in Rupees million)	2,030	(1,467)
Weighted average number of equity shares (in nos)	30,320,356	27,457,315
Adjustment for calculation of diluted EPS (in nos)	2,382,100	2,103,015
Weighted average number of equity shares for Diluted EPS (in nos)	32,702,456	29,560,330
Earnings per share (in Rs.):		
- Basic	66.95	(53.43)
- Diluted	62.07	(53.43)
Face value per equity share (Rs.)	1.00	1.00

Options granted to employees under the stock option plan are considered to be potential equity shares. They have been included in the determination of diluted earnings per share to the extent to which they are dilutive. In view of losses during the previous year ended March 31, 2022, the options are anti-dilutive. Accordingly, there is no variation between basic and dilutive earnings per share.

(40) Commitments and contingent liabilities

(in Rupees million)		
Particular	As at March 31, 2023	As at March 31, 2022
(a) Commitments		
Unused Revolving credit facility from lenders	1,479	1,354
Guarantee given to financial institution on behalf of subsidiary	5,693	5,211
Capital commitments	19	103
(a) Contingent liabilities		
Claims against the Group not acknowledged as debt:		
For income tax matters under appeal*	98	96

*The Group believes that these claims are not tenable and hence no provision has been made in this regard

(41) Corporate social responsibility

(in Rupees million)		
Particular	As at March 31, 2023	As at March 31, 2022
Corporate social responsibility expenditure		
Amount required to be spent as per Section 135 of the Companies Act, 2013	6	9
Amount spent during the year on:		
(i) Construction / acquisition of an asset	-	-
(ii) Purposes other than (i) above	6	9
(iii) nature of CSR activities		
i) Contribution to Public Trust	-	6
ii) Contribution to Charitable Trust	6	3

The amount during the year has been spent towards education of underprivileged children and teachers, self-reliant rural society assured of food security, gender equity, low child mortality etc.

(42) Other Statutory Information

- (i) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (ii) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



Fractal Analytics Private Limited

Notes to Consolidated financial statements for year ended March 31, 2023

(43) Subsequent events after March 31, 2023 :

- (a) Subsequent to year-end, Group Company Cuddle Artificial Intelligence Private Limited ("Cuddle") vide board resolution dated April 26, 2023 has proposed to transfer the product/ intellectual property along with associated assets, liabilities, licenses, intellectual property rights, regulatory approvals, permits, contracts and employees in relation to the product by means of a business transfer from the Cuddle to Fractal Analytics Private Limited, as a going concern by way of slump sale. Also, based on the financial position of the Cuddle, the Company and other Group Company has given approval towards waiver of outstanding borrowings and payables vide board resolution dated April 26, 2023.
- (b) Subsequent to year-end, Group Company Neal Analytics Services Private Limited ("Neal") vide board resolution dated April 26, 2023 has proposed to transfer the assets, liabilities, regulatory approvals, permits, contracts and employees of the Neal to Fractal Analytics Private Limited, as a going concern by way of slump sale.
- (c) Subsequent to year-end, Final Mile Consultants Private Limited ("Final Mile") vide board resolution dated May 26, 2023 has proposed to transfer the assets, liabilities, regulatory approvals, permits, contracts and employees of the Final mile to Fractal Analytics Private Limited, as a going concern by way of slump sale.

(44) The financial statements were authorised for issue by the Parent's Board of directors on July 19, 2023.

(45) Previous year figures have been regrouped/ reclassified to confirm to current year presentation.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration Number: 101248W/W-100022



Rajesh Mehra

Partner

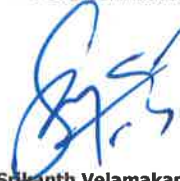
Membership Number: 103145

Mumbai

Date: July 19, 2023

**For and on behalf of the Board of Directors of
Fractal Analytics Private Limited**

CIN: U72400MH2000PTC125369



Srikanth Velamakanni

Whole-time Director

DIN: 01722758

New Delhi

Date: July 19, 2023



Gulu Mirchandani

Director

DIN: 00026664

Mumbai

Date: July 19, 2023



Somya Agarwal

Company Secretary

Membership number: A17336

Mumbai

Date: July 19, 2023