

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Coforge Limited ("Holding Company")

**Report on the Audit of the special purpose Ind AS Financial Statements of Coforge Inc., USA ("the Company"),**

**Opinion**

We have audited the accompanying special purpose Ind AS financial statements of Coforge Inc., USA ("the Company"), which comprise the Balance sheet as at March 31, 2024, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the special purpose Ind AS financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

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

**Responsibility of Management and Those Charged with Governance for the special purpose Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these special purpose Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, specified under section 133 of the Act read with basis of preparation as set out in note 1(a)(i) of the special purpose Ind AS Financial Statements. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 special purpose Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

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

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

## **Auditor's Responsibilities for the Audit of the special purpose Ind AS Financial Statements**

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

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

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



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

## **Other Matter**

Our report is intended solely for the use of the board of directors of the Company and Coforge Limited, the Holding Company to comply with financial reporting requirement in India and should not be distributed to or used by parties other than the Company or Coforge Limited, the Holding Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per **Amit Virmani**  
Partner

Membership Number: 504649

UDIN: 24504649BKG TUK2350



Place of Signature: Gurugram

Date: June 13, 2024

Coforge Inc., USA  
Balance Sheet as at March 31, 2024

(All Amount in USD Thousand, unless otherwise stated)

Particulars	Notes	As at	As at
		March 31, 2024	March 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	464	312
Right of use assets	29	2,650	2,015
Goodwill	4	35	35
Other intangible assets	4	127	313
<b>Financial assets</b>			
Trade receivables	5 (i)	1,901	1,593
Other financial assets	5 (ii)	143	46
Income tax assets (net)	7	303	-
Deferred tax assets (net)	6	1,793	1,680
Other non-current assets	8 (i)	6,684	1,280
<b>Total non-current assets</b>		<b>14,100</b>	<b>7,274</b>
<b>Current assets</b>			
Contract assets	9	10,636	9,762
<b>Financial assets</b>			
Trade receivables	5 (i)	53,717	53,208
Cash and cash equivalents	5 (iii)	3,877	9,723
Other current assets	8 (ii)	3,991	3,212
<b>Total current assets</b>		<b>72,221</b>	<b>75,905</b>
<b>TOTAL ASSETS</b>		<b>86,321</b>	<b>83,179</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	10	2,838	2,838
Other equity	11	15,632	27,018
<b>Total equity</b>		<b>18,470</b>	<b>29,856</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Lease liabilities	12(ii)	2,126	1,839
Trade payables	12(iii)	1,665	305
Employee benefit obligations	13	221	188
<b>Total non-current liabilities</b>		<b>4,012</b>	<b>2,332</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	12(i)	6,250	3,250
Lease liabilities	12(ii)	897	589
Trade payables	12(iii)	51,889	42,455
Other financial liabilities	12(iv)	1,260	306
Employee benefit obligations	13	74	78
Income tax liability (net of advance tax)	7	-	973
Other current liabilities	14	3,469	3,340
<b>Total current liabilities</b>		<b>63,839</b>	<b>50,991</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>86,321</b>	<b>83,179</b>

The accompanying notes form an integral part of financial statements.

As per our report of even date.

For **S.R Batliboi & Associates LLP**  
Chartered Accountants  
Firm Registration Number: 121049W/E300004

per **Amit Virmani**  
Partner  
Membership Number: 504649  
Place: Gurugram  
Date: June 13, 2024



For and on behalf of the Board of Directors of **Coforge Inc., USA**

**Bhatendra Gupta**  
Director

Place : New Jersey, USA  
Date: June 13, 2024

**Sudhir Singh**  
Director

Place : New Jersey, USA  
Date: June 13, 2024

**Coforge Inc., USA**  
**Statement of Profit and Loss for the year ended March 31, 2024**

(All Amount in USD Thousand, unless otherwise stated)

Particulars	Notes	Year ended March 31, 2024	Year ended March 31, 2023
Revenue from operations	15	407,584	387,020
Other income	16	4,646	5,679
<b>Total income</b>		<b>412,230</b>	<b>392,699</b>
<b>Expenses</b>			
Employee benefits expense	17	23,598	22,199
Depreciation and amortization expense	18	896	766
Other expenses	19	368,505	351,816
Finance costs	20	2,527	1,134
<b>Total expenses</b>		<b>395,526</b>	<b>375,915</b>
<b>Profit before tax</b>		<b>16,704</b>	<b>16,784</b>
<b>Income tax expense:</b>	21		
Current tax		4,352	4,379
Adjustments of tax relating to earlier periods		(41)	(66)
Deferred tax		(88)	345
<b>Total tax expense</b>		<b>4,223</b>	<b>4,658</b>
<b>Profit for the year</b>		<b>12,481</b>	<b>12,126</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to Profit or Loss</i>			
Changes in fair value of FVOCI debt instruments		-	-
<i>Items that will be not be reclassified to Profit or Loss</i>			
Remeasurement of post - employment benefit obligations		-	-
Income tax relating to these items		-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>12,481</b>	<b>12,126</b>
<b>Earnings per share (of USD 1 each) for profit from continuing operations attributable to owners of Coforge Inc., USA:</b>			
Basic and diluted earnings per share	28	4.40	4.27

The accompanying notes form an integral part of financial statements.

As per our report of even date.

For **S.R Batliboi & Associates LLP**  
Chartered Accountants  
Firm Registration Number: 101049W/E300004

*Amit Virmani*

per **Amit Virmani**  
Partner  
Membership Number: 504649  
Place: Gurugram  
Date: June 13, 2024



For and on behalf of the Board of Directors of **Coforge Inc., USA**

*Bhatendra Gupta*

**Bhatendra Gupta**  
Director

Place : New Jersey, USA  
Date: June 13, 2024

*Sudhir Singh*

**Sudhir Singh**  
Director

Place : New Jersey, USA  
Date: June 13, 2024

*[Signature]*

Coforge Inc., USA  
Statement of Cash Flow for the year ended March 31, 2024

(All Amount in USD Thousand, unless otherwise stated)

Description	Year ended March 31, 2024	Year ended March 31, 2023
<b>Cash flow from operating activities</b>		
Profit before tax	16,704	16,784
<b>Adjustment for:</b>		
Depreciation and amortisation expenses	896	766
Loss on disposal of property, plant and equipment (net)	-	40
Interest received on related party loan	-	(2)
Allowance for doubtful debts (net)	265	281
Allowance for doubtful unbilled revenue	3	24
Interest and finance charges	1,936	825
Unwinding of discount - Finance Income	(569)	(317)
Unwinding of discount - Finance Cost	372	225
	<b>2,903</b>	<b>1,842</b>
<b>Changes in operating assets and liabilities</b>		
(Increase)/decrease in trade receivables	(1,082)	(3,289)
(Decrease)/increase in trade payables	10,421	18,817
(Decrease)/increase in employee benefit obligations	29	40
(Increase)/decrease in other financial assets	(141)	-
(Increase)/decrease in other assets	(6,491)	(6,750)
(Decrease)/increase in other liabilities	721	(831)
<b>Cash used in operations</b>	<b>3,457</b>	<b>7,987</b>
Income taxes paid	(5,481)	(2,792)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>17,583</b>	<b>23,821</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(290)	(565)
Interest received on related party loan	-	2
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(290)</b>	<b>(563)</b>
<b>Cash flow from financing activities</b>		
Proceeds from borrowings	3,000	(2,351)
Payment of principal portion of lease liabilities	(566)	(462)
Interest paid	(1,573)	(752)
Dividends paid to Company's shareholders	(20,400)	(8,500)
Corporate dividend tax on dividend paid	(3,600)	(1,500)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(23,139)</b>	<b>(13,565)</b>
<b>Net (decrease)/increase in cash and cash equivalent</b>	<b>(5,846)</b>	<b>9,693</b>
Cash and cash equivalents at the beginning of the financial year	9,723	30
<b>Cash and cash equivalents at the end of the financial year</b>	<b>3,877</b>	<b>9,723</b>
<b>Reconciliation of cash and cash equivalents as per the cash flow statement</b>		
Cash and cash equivalents as per above comprise of the following: [ Refer note 5 (iii)]		
Balance with Bank	3,622	8,872
Cheques in Hand	255	851
<b>Balance as per statement of cash flows</b>	<b>3,877</b>	<b>9,723</b>

The accompanying notes form an integral part of financial statements.

As per our report of even date.

For S.R Batliboi & Associates LLP

Chartered Accountants

Firm Registration Number: 101049W/E300004

per Amit Virmani  
Partner  
Membership Number: 504649  
Place: Gurugram  
Date: June 13, 2024



For and on behalf of the Board of Directors of  
Coforge Inc., USA

Bhatendra Gupta  
Director

Place : New Jersey, USA  
Date: June 13, 2024

Sudhir Singh  
Director

Place : New Jersey, USA  
Date: June 13, 2024

Coforge Inc., USA

Statement of Changes in Equity for the year ended March 31, 2024

(All Amount in USD Thousand, unless otherwise stated)

(a) Equity Share Capital

Description	Number of Shares	Amount
As at March 31, 2022	2,837,887	2,838
Changes in equity share capital	-	-
As at March 31, 2023	2,837,887	2,838
Changes in equity share capital	-	-
As at March 31, 2024	2,837,887	2,838

(b) Other Equity

Description	Other Equity	Total
	Retained Earnings	
Balance at April 1, 2022	24,918	24,918
Profit for the year	12,126	12,126
<b>Total Comprehensive Income for the year</b>	<b>12,126</b>	<b>12,126</b>
Tax benefit on share based payment#	(26)	(26)
Dividend Paid	(8,500)	(8,500)
Corporate Dividend Tax	(1,500)	(1,500)
<b>At March 31, 2023</b>	<b>27,018</b>	<b>27,018</b>

Description	Other Equity	Total
	Retained Earnings	
Balance at April 1, 2023	27,018	27,018
Profit for the year	12,481	12,481
<b>Total Comprehensive Income for the year</b>	<b>12,481</b>	<b>12,481</b>
Tax benefit on share based payment#	133	133
Dividend Paid	(20,400)	(20,400)
Corporate Dividend Tax	(3,600)	(3,600)
<b>At March 31, 2024</b>	<b>15,632</b>	<b>15,632</b>

# The Company is entitled to tax benefit on share based payment, over and above the share based payment expense recorded. Such tax benefit is included in equity under the head " Tax benefit on share based payment".

The accompanying notes form an integral part of financial statements.

As per our report of even date.

For **S.R Batliboi & Associates LLP**  
Chartered Accountants  
Firm Registration Number: 101049W/E300004

per **Amit Virmani**  
Partner  
Membership Number: 504649  
Place: Gurugram  
Date: June 13, 2024



For and on behalf of the Board of Directors of  
**Coforge Inc., USA**

**Bhatendra Gupta**  
Director

**Sudhir Singh**  
Director

Place : New Jersey, US; Place : New Jersey, USA  
Date: June 13, 2024 Date: June 13, 2024

**Coforge Inc., USA**

**Notes to the Financial Statements for the year ended March 31, 2024**

**Background**

Coforge Inc., USA ("the Company"/ "Coforge, USA") incorporated under the laws of the State of Georgia, United States of America, is a leading IT solutions organization, engaged in Application Development and Maintenance, Managed Services, Cloud Computing and Business Process Outsourcing to organizations in the Banking and Financial Services, Insurance sector, Travel Transportation and Logistics sector, Manufacturing and Distribution sector. The Company delivers services across the continent directly and through its network of subsidiaries.

**Material accounting policies**

This note provides a list of the material accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of preparation**

**(i) Compliance with Ind AS**

The special purpose financial statements ("financial statements") have been prepared for the express purpose of and use of management and the Board of Directors in their preparation of the consolidated financial statements of the Ultimate Parent Company. These financial statements are not the statutory financial statements of the Company, and are not intended to, and do not, comply with the disclosure provisions applicable to statutory financial statements prepared under the Companies Act, 2013, as those are considered irrelevant by the management and the intended users of the financial statements for the purposes for which those have been prepared.

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III) and other relevant provisions of the Act. The Company adopted Ind AS effective 01 April 2015.

**(ii) Historical cost convention**

The financial statements have been prepared on a historical cost basis, except for the following that are measured at fair value:

- certain financial assets and liabilities;
- employee benefit - compensated absences; and
- share-based payments.

**(b) Use of Estimates and judgements**

The preparation of financial statements in conformity with Ind AS requires the management to make estimates, assumptions and judgements that affect the reported amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income that are reported and disclosed in the consolidated financial statements. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Significant estimates and assumptions are used, but not limited to allowance for uncollectible trade and contract assets, impairment of goodwill and business combination. Actual results could differ from those estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made and represent management's best estimate.

*Other areas involving critical estimates and judgements are:*

The preparation of financial statements requires the use of accounting estimates which, by definition, may not equal the actual results. Management also needs to exercise judgment in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

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**Coforge Inc., USA**  
**Notes to the Financial Statements for the year ended March 31, 2024**

Areas involving critical estimates and judgments are:

• **Estimated goodwill impairment**

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit (CGUs) is less than its carrying amount. For the impairment testing, goodwill is allocated to the CGU or Companies of CGUs which benefit from the synergies of the acquisition and which represent the lowest level at which goodwill is monitored for internal management purposes. However, such cannot be larger than an operating segment as defined in Ind AS 108 Operating Segments before aggregation.

The recoverable amount of CGUs is determined based on higher of value-in use and fair value less cost to sell. Key assumptions in the cash flow projections are prepared based on current economic conditions and comprises estimated long term revenue growth rates, weighted average cost of capital and estimated operating margins.

• **Impairment of trade receivables [Refer Note 5 (i)]**

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the expected credit loss calculation based on the Company's history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for Companyings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

• **Business combination:**

In accounting for business combinations, judgment is required in identifying whether an identifiable intangible asset is to be recorded separately from goodwill. Additionally, estimating the acquisition date fair value of the identifiable assets acquired (including useful life estimates), liabilities assumed, and contingent consideration assumed involves management judgment. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management. Changes in these judgments, estimates, and assumptions can materially affect the results of operations.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

**(c) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting. The Chief Executive Officer of the Parent Company has been identified as being the chief operating decision maker.

**(d) Foreign currency translation**

**(i) Functional and presentation currency**

Items included in the financial statements of the Company is measured using the currency of the primary economic environment in which the Company operates (the 'functional currency'). Financial statements of the Company are presented in US Dollar (USD), which is the Company's functional and presentation currency.

**(ii) Transactions and balances**

All foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the monthly rate which approximately equals to exchange rate at the transaction date.

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All monetary assets and liabilities in foreign currency are restated at the end of the accounting period. Exchange difference on restatement of all other monetary items are recognized in the Statement of Profit and Loss.

**(c) Revenue recognition**

The Company derives revenues primarily from business Information Technology services comprising of software development and related services, consulting and package implementation and from the licensing of software products offerings ("together called as software related services"). The Company's arrangements with customers for software related services are time-and-material, fixed-price, fixed capacity / fixed monthly, transaction based or multiple element contracts involving supply of hardware or software with other services. The Company classifies revenue from sale of its own licenses and revenue from contracts where sale of hardware is a distinct performance obligation as Sale of products and the remaining software related services as Sale of services.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. The Company presents revenues net of indirect taxes in its statement of Profit and loss.

In case of arrangement involving resale of third-party products or services, the Company evaluates whether the Company is the principal (i.e. report revenues on a gross basis) or agent (i.e. report revenues on a net basis). In doing so, the Company first evaluates whether the Company controls the good or service before it is transferred to the customer. If Company controls the good or service before it is transferred to the customer, the Company is the principal; if not, the Company is the agent.

In case of multiple element contracts, at contract inception, the Company assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Company applies judgement to determine whether each product or service promised to a customer is capable of being distinct, and are distinct in the context of the contract, if not, the promised products or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately, in cases where the Company is unable to determine the stand-alone selling price the Company uses third-party prices for similar deliverables or the Company uses expected cost-plus margin approach in estimating the stand-alone selling price.

**Method of revenue recognition**

Revenue on time-and material contracts are recognized over time as the related services are performed.

Revenue from fixed-price, fixed-capacity and fixed monthly contracts, where the performance obligations are satisfied over time, is recognized as per the percentage-of completion method. The performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. If the Company is not able to reasonably measure the progress of completion, revenue is recognized only to the extent of costs incurred, for which recoverability is probable. When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the statement of income in the period in which such losses become probable based on the current contract estimates as an onerous contract provision.

Revenue from transaction based contracts is recognised at the amount determined by multiplying transaction rate to actual transactions taking place during a period.



**Coforge Inc., USA**  
**Notes to the Financial Statements for the year ended March 31, 2024**

Revenue from licenses where the customer obtains a "right to use" the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognized over the access period.

**Contract balances**

Revenues in excess of invoicing are treated as contract assets while invoicing in excess of revenues are treated as contract liabilities. The Company classifies amounts due from customer as receivable or contract assets depending on whether the right to consideration is unconditional. If only the passage of time is required before payment of the consideration is due, the amount is classified as receivable. Otherwise, such amounts are classified as contract assets.

**Contract costs**

Incremental costs of obtaining a contract and costs incurred in fulfilling a contract with customer are recognised as contract costs assets and amortized over the term of the contract on a systematic basis.

**Others**

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

The Company accounts for variable considerations like, volume discounts, rebates and pricing incentives to customers and penalties as reduction of revenue on a systematic and rational basis over the period of the contract. The Company estimates an amount of such variable consideration using expected value method or the single most likely amount in a range of possible consideration depending on which method better predicts the amount of consideration to which the Company may be entitled and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

The Company assesses the timing of the transfer of goods or services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, the Company does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of finance to either the customer or us, no financing component is deemed to exist.

**(f) Income taxes**

Tax expense comprises current tax expense and deferred tax.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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 in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and branches where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and branches where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Current tax and deferred tax are recognized in statement of profit or loss, except to the extent that it relates to items recognized in Other Comprehensive Income or directly in equity. In this case, the tax is also recognized in Other Comprehensive Income or directly in equity, respectively.

**(g) Leases**

**Company as a lessee**

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

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

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

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.



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**Notes to the Financial Statements for the year ended March 31, 2024**

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment of 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.

**(h) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**(i) Trade receivables**

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

**(j) Investments and other financial assets**

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.

**(i) Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset, except Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115

**(ii) Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- ▶ Debt instruments at amortised cost
- ▶ Debt instruments at fair value through other comprehensive income (FVTOCI)
- ▶ Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- ▶ Equity instruments measured at fair value through other comprehensive income (FVTOCI)

**Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost: A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Fair value through other comprehensive income (FVOCI): A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Profit and loss. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.

Fair value through profit or loss: FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Profit and loss.

**Equity instruments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Profit and loss.

**(iii) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- ▶ The rights to receive cash flows from the asset have expired, or
- ▶ The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.



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**Notes to the Financial Statements for the year ended March 31, 2024**

(iv) **Impairment of financial assets**

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

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- ▶ Trade receivables or contract revenue receivables;

The application of simplified approach does not require the Company 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.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, a Company is required to consider:

- ▶ All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument

- ▶ Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the entity uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables and contract assets. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for contractual revenue receivables (ECL) is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the entity does not reduce impairment allowance from the gross carrying amount.

(k) **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(k) **Financial liabilities**

(i) **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

(ii) **Subsequent measurement**

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

**Loans and borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

(iii) **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or 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 or loss.

(l) **Property, plant and equipment**

Freehold land is carried at historical cost less impairment losses, if any. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation less impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Such cost also includes the cost of replacing part of the plant and equipment if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/expenses as applicable.

The cost of assets not ready for used before balance sheet date are disclosed under capital work in progress. Capital work in progress is stated at cost, net of accumulated impairment loss, if any.



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**Notes to the Financial Statements for the year ended March 31, 2024**

**Depreciation methods, estimated useful lives and residual value**

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets. The estimates of useful lives of the assets are as follows:

Asset	Useful life
Plant and Machinery:	
Computers and peripherals	2-5 years
Office Equipment	5 years
Furniture and Fixtures	4-10 years
Leasehold improvements	3 years or lease period whichever is lower

The asset's residual values and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives as given above best represent the period over which the management expects to use these assets, based on technical assessment. The estimated useful lives for these assets may differ from the useful lives prescribed under Part C of Schedule 11 of the Companies Act 2013.

**(m) Intangible assets**

**(i) Goodwill**

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity / operations include the carrying amount of goodwill relating to the entity / operations sold.

Goodwill is allocated to Cash-Generating Units (CGU) or Company of CGUs for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The CGU are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the acquired business / operations. In case the acquired business/operations are spread across multiple operating segments, the Goodwill as well as other assets of the CGU are further allocated to ensure that goodwill impairment testing does not cross limits of an operating segments.

**(ii) Computer software**

Costs associated with maintaining software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- There is an ability to use or sell the software
- It can be demonstrated how the software will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.

During the period of development, the asset is tested for impairment annually. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is available for use.

The external computer software acquired separately are measured on initial recognition at cost. After initial recognition/ capitalisation, all software are carried at cost less accumulated amortization and impairment losses, if any.

**(iii) Amortization methods and periods**

The Company amortizes intangible assets with a finite useful life using the straight-line method over the following periods:

Computer software - external 3 years

Project specific software are amortized over the project duration. The asset's residual values and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

**(iv) Impairment of non-financial assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. For other non-financial assets, including property, plant and equipment, ROU assets and intangible assets having finite useful lives, the Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal or value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss under the head depreciation and amortisation expense.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount.

**(n) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per the agreed terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**(o) Borrowing Costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time, that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.



**(p) Provisions and contingent liabilities**

Provisions for legal claims and service warranties are recognized when the Company 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 recognized for future operating losses. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement (recognised only if realisation is virtually certain). If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

Contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

**(q) Employee benefits obligations**

**(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**(ii) Other long-term employee benefit obligations- compensated absences**

The liabilities for earned leave and sick leaves are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements comprising of as a result of experience adjustments and changes in actuarial assumptions are recognised immediately in the statement of profit and loss in the period in which they occur.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**(iii) Defined contribution plan- Retirement saving plan**

The Company makes contribution equivalent to amount deducted from employees salaries towards retirement saving plan. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

**(iv) Share-based payments**

Share-based compensation benefits are provided to employees via the Coforge Employee Stock Option Plan 2005 (erstwhile NIIT Technologies Employee Stock Option Plan 2005).

*Equity settled employee stock options*

The fair value of options granted under Employee Stock Option Plan is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time)

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

**(v) Bonus**

The Company recognises a liability and an expense for bonus. The Company recognises a provision where there is a past service that has created a constructive obligation.

**(r) Dividends**

Dividend to shareholders is recognised as a liability and deducted from equity, in the year / period in which the dividends are approved by the shareholders.

**(s) Earnings per share**

**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing;

- the profit attributable to owners of the Company
- by the weighted average number of shares outstanding during the financial year, adjusted for bonus elements in shares issued during the year and excluding treasury shares, if any.

**(ii) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential shares, and
- the weighted average number of additional shares that would have been outstanding assuming the conversion of all dilutive potential shares.



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Notes to the Financial Statements for the year ended March 31, 2024

**(t) Fair value measurement**

The Company measures financial instruments, such as investment in equity shares etc., 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

All assets and liabilities for which fair value is measured or disclosed in the 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) 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, and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, management regularly reviews significant unobservable inputs applied in the valuation by agreeing the information in the valuation computation to contracts and other relevant documents. There are no such instruments which are valued using a level 3 hierarchy.

**(u) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousands as per the requirement of Schedule III, unless otherwise stated.

**(v) Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
  - Held primarily for the purpose of trading
  - Expected to be realised within twelve months after the reporting period, or
  - Cash or cash equivalent unless 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 current when:

- It is expected to be settled in normal operating cycle
  - It is held primarily for the purpose of trading
  - It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

**2 Recent Accounting Pronouncements**

**New and amended standards adopted by the Company**

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective for annual periods beginning on or after 1 April 2023. The Company applied for the first-time these amendments.

**(i) Definition of Accounting Estimates - Amendments to Ind AS 8**

The amendments clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company's consolidated financial statements.

**(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1**

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

**(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12**

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases.

The Company previously recognised for deferred tax on leases on a net basis. As a result of these amendments, the Company has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Since, these balances qualify for offset as per the requirements of paragraph 74 of Ind AS 12, there is no impact in the balance sheet. There was also no impact on the opening retained earnings as at 1 April 2022.

Apart from these, consequential amendments and editorials have been made to other Ind AS like Ind AS 101, Ind AS 102, Ind AS 103, Ind AS 107, Ind AS 109, Ind AS 115 and Ind AS 34.

**Standards notified but not yet effective**

There are no standards that are notified and not yet effective as on the date.

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Coforge Inc., USA

Notes to the Financial Statements for the year ended March 31, 2024

(All Amount in USD Thousand, unless otherwise stated)

3 Property, plant and equipment

March 31, 2024	Plant and Machinery - Computers and Peripherals	Plant and Machinery - Office Equipment	Furniture and Fixtures	Lease Hold Improvements	Capital work in progress	Total
<b>Gross carrying amount</b>						
Opening gross carrying amount	523	289	254	310	12	1,387
Additions	158	66	34	-	43	302
Disposals/Adjustments	-	-	-	-	(12)	(12)
<b>Closing gross carrying amount</b>	<b>681</b>	<b>355</b>	<b>288</b>	<b>310</b>	<b>43</b>	<b>1,677</b>
<b>Accumulated depreciation</b>						
Opening accumulated depreciation	432	196	152	298	-	1,075
Depreciation charge during the year	42	53	39	3	-	138
Disposals/Adjustments	-	-	-	-	-	-
<b>Closing accumulated depreciation</b>	<b>474</b>	<b>249</b>	<b>191</b>	<b>302</b>	<b>-</b>	<b>1,213</b>
<b>Net carrying amount</b>	<b>207</b>	<b>106</b>	<b>97</b>	<b>8</b>	<b>43</b>	<b>464</b>

March 31, 2023	Plant and Machinery - Computers and Peripherals	Plant and Machinery - Office Equipment	Furniture and Fixtures	Lease Hold Improvements	Capital work in progress	Total
<b>Gross carrying amount</b>						
Opening gross carrying amount	508	289	369	310	-	1,476
Additions	54	-	-	-	12	65
Disposals/Adjustments	(39)	-	(115)	-	-	(154)
<b>Closing gross carrying amount</b>	<b>523</b>	<b>289</b>	<b>254</b>	<b>310</b>	<b>12</b>	<b>1,387</b>
<b>Accumulated depreciation</b>						
Opening accumulated depreciation	431	149	185	295	-	1,056
Depreciation charge during the year	40	47	42	3	-	133
Disposals/Adjustments	(39)	-	(75)	-	-	(114)
<b>Closing accumulated depreciation</b>	<b>432</b>	<b>196</b>	<b>152</b>	<b>298</b>	<b>-</b>	<b>1,075</b>
<b>Net carrying amount</b>	<b>91</b>	<b>93</b>	<b>102</b>	<b>11</b>	<b>12</b>	<b>312</b>

CWIP aging schedule

CWIP Aging (Projects in progress)	Outstanding for following periods from due date of payment				
	Less than 1 year	1 -2 years	2-3 years	More than 3 years	Total
31-Mar-24	43	-	-	-	43
31-Mar-23	12	-	-	-	12

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Coforge Inc., USA

Notes to the Financial Statements for the year ended March 31, 2024

(All Amount in USD Thousand, unless otherwise stated)

4 Intangible Assets

March 31, 2024	Software- External	Goodwill (Refer Note 1 (b))
<b>Gross carrying amount</b>		
Opening gross carrying amount	831	35
Additions	-	-
Disposals/Adjustments	(1)	-
<b>Closing gross carrying amount</b>	<b>830</b>	<b>35</b>
<b>Accumulated amortization and impairment</b>		
Opening accumulated amortization	518	-
Amortization charge for the year	187	-
Disposals/Adjustments	(1)	-
<b>Closing accumulated amortization</b>	<b>703</b>	<b>-</b>
<b>Closing net carrying amount</b>	<b>127</b>	<b>35</b>

March 31, 2023	Software- External	Goodwill (Refer Note 1 (b))
<b>Gross carrying amount</b>		
Opening gross carrying amount	331	35
Additions	500	-
Disposals/Adjustments	-	-
<b>Closing gross carrying amount</b>	<b>831</b>	<b>35</b>
<b>Accumulated amortization</b>		
Opening accumulated amortization	331	-
Amortization charge for the year	187	-
Disposals/Adjustments	-	-
<b>Closing accumulated amortization</b>	<b>518</b>	<b>-</b>
<b>Closing net carrying amount</b>	<b>313</b>	<b>35</b>

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Coforge Inc., USA

Notes to the Financial Statements for the year ended March 31, 2024

(All Amount in USD Thousand, unless otherwise stated)

Financial Assets

5 (i) Trade receivables	March 31, 2024		March 31, 2023	
	Current	Non- Current	Current	Non- Current
Trade receivables	53,102	1,901	52,283	1,593
Receivables from related parties(Refer Note 24)	1,654	-	1,697	-
Less: Allowance for doubtful debts (Refer Note 1 (b))	(1,039)	-	(772)	-
<b>Total receivables</b>	<b>53,717</b>	<b>1,901</b>	<b>53,208</b>	<b>1,593</b>

Break-up of Trade Receivable	March 31, 2024		March 31, 2023	
	Current	Non- Current	Current	Non- Current
Trade Receivables considered good - Secured	-	-	-	-
Trade Receivables considered good - Unsecured	54,756	1,901	53,980	1,593
<b>Total</b>	<b>54,756</b>	<b>1,901</b>	<b>53,980</b>	<b>1,593</b>
Allowance for doubtful debts (Refer Note 1 (b))	(1,039)	-	(772)	-
<b>Total trade receivables</b>	<b>53,717</b>	<b>1,901</b>	<b>53,208</b>	<b>1,593</b>

Trade receivables includes amounts yet to be billed to customers and dependent only on passage of time (unbilled)	8,010	1,901	9,299	1,593
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Trade Receivables ageing schedule

Year ended 31 March 2024

Particulars	Outstanding for following periods from due date of payment					
	Not yet Due	Less than 6 months	6 months - 1 year	1-2 years	2-5 years	Total
(i) Undisputed Trade receivables – considered good	45,706	9,283	629	-	-	55,618
(ii) Undisputed Trade Receivables – credit impaired	32	12	252	281	462	1,039
(iii) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(iv) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

Year ended 31 March 2023

Particulars	Outstanding for following periods from due date of payment					
	Not yet Due	Less than 6 months	6 months - 1 year	1-2 years	2-5 years	Total
(i) Undisputed Trade receivables – considered good	44,527	9,884	229	161	-	54,801
(ii) Undisputed Trade Receivables – credit impaired	54	182	77	-	459	772
(iii) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(iv) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

5 (ii) Other financial assets	March 31, 2024		March 31, 2023	
	Current	Non- Current	Current	Non- Current
Security deposits - -Considered Good	-	143	-	46
<b>Total other financial assets</b>	<b>-</b>	<b>143</b>	<b>-</b>	<b>46</b>

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Coforge Inc., USA  
Notes to the Financial Statements for the year ended March 31, 2024

(All Amount in USD Thousand, unless otherwise stated)

10 Share Capital

Authorized and issued equity share capital

Description	Number of shares	Amount
As at April 1, 2022	2,837,887	2,838
Increase during the year	-	-
As at March 31, 2023	2,837,887	2,838
Increase during the year	-	-
As at March 31, 2024	2,837,887	2,838

(i) Movements in equity share capital

Description	Number of shares	Amount
As at April 1, 2022	2,837,887	2,838
Increase during the year	-	-
As at March 31, 2023	2,837,887	2,838
Increase during the year	-	-
As at March 31, 2024	2,837,887	2,838

Terms and rights attached to equity shares

Shares: The common stock issued by the Corporation have unlimited voting rights and are entitled to receive the net assets of the Corporation upon dissolution. The dividend declared is approved by the Board of Directors.

(ii) Shares of the Corporation held by holding company

	March 31, 2024	March 31, 2023
	No. of Shares held	No. of Shares held
Coforge Limited	2,837,887	2,837,887

(iii) Details of shareholders holding more than 5% shares in the Corporation

Name of Shareholder	Equity Shares			
	March 31, 2024		March 31, 2023	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Coforge Limited	2,837,887	100	2,837,887	100

11 Other Equity

March 31, 2024 March 31, 2023

Retained earnings	15,632	27,018
<b>Total reserve and surplus</b>	<b>15,632</b>	<b>27,018</b>

(i) Retained earnings

Opening balance	27,018	24,918
Net profit for the year	12,481	12,126
Tax benefit for share based payment	133	(26)
Dividend Paid	(20,400)	(8,500)
Corporate Dividend Tax	(3,600)	(1,500)
<b>Closing balance</b>	<b>15,632</b>	<b>27,018</b>

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Coforge Inc., USA  
Notes to the Financial Statements for the year ended March 31, 2024

(All Amount in USD Thousand, unless otherwise stated)

12(i) Borrowings	March 31, 2024			March 31, 2023		
Line of Credit (refer note (a) below)			2,000			-
Loan from related party (refer note (b) below)			4,250			3,250
			<b>6,250</b>			<b>3,250</b>

(a) Interest on line Credit is in the range of 6.28% to 8.08%. Security: charge by way of hypothecation on the Company's trade receivable, in a form and manner satisfactory to the bank.

(b) Loan from related party is repayable on demand, Interest is in the range of 7% to 7.25% (refer note 24).

12(ii) Lease liabilities	March 31, 2024			March 31, 2023		
	Current	Non Current	Total	Current	Non Current	Total
Lease liabilities (Refer Note 29)	897	2,126	3,023	589	1,839	2,428
	<b>897</b>	<b>2,126</b>	<b>3,023</b>	<b>589</b>	<b>1,839</b>	<b>2,428</b>

12(iii) Trade Payables	March 31, 2024			March 31, 2023		
	Current	Non Current	Total	Current	Non Current	Total
Trade Payables	17,829	1,665	19,494	15,070	305	15,375
Trade Payables to related parties (Refer Note 24)	34,060	-	34,060	27,385	-	27,385
	<b>51,889</b>	<b>1,665</b>	<b>53,554</b>	<b>42,455</b>	<b>305</b>	<b>42,760</b>

Trade Payables aging schedule  
Year ended 31 March 2024

Particulars	Outstanding for following periods from due date of payment					March 31, 2024
	Not Due	Less than 1 year	1 - 2 years	2-3 years	More than 3 years	
Trade Payables	4,732	36,653	33	1	3	41,421
Unbilled and Accrual	12,133	-	-	-	-	12,133
<b>Total</b>	<b>16,865</b>	<b>36,653</b>	<b>33</b>	<b>1</b>	<b>3</b>	<b>53,554</b>

Year ended 31 March 2023

Particulars	Outstanding for following periods from due date of payment					March 31, 2023
	Not Due	Less than 1 year	1 - 2 years	2-3 years	More than 3 years	
Trade Payables	2,636	28,206	3	-	-	30,844
Unbilled and Accrual	11,916	-	-	-	-	11,916
<b>Total</b>	<b>14,551</b>	<b>28,206</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>42,760</b>

12(iv) Other financial liabilities	March 31, 2024			March 31, 2023		
	Current	Non Current	Total	Current	Non Current	Total
Payable to Affiliates (Refer Note 24)	431	-	431	106	-	106
Interest accrued	38	-	38	-	-	-
Capital creditor	200	-	200	200	-	200
Others	592	-	592	-	-	-
	<b>1,260</b>	<b>-</b>	<b>1,260</b>	<b>306</b>	<b>-</b>	<b>306</b>

13 Employee benefit obligations	March 31, 2024			March 31, 2023		
	Current	Non Current	Total	Current	Non Current	Total
Leave Obligations (Refer note (i) below)	74	221	295	78	188	266
	<b>74</b>	<b>221</b>	<b>295</b>	<b>78</b>	<b>188</b>	<b>266</b>

(i) Leave Obligations

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the balance sheet date. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

	March 31, 2024	March 31, 2023
Current leave obligations expected to be settled within next 12 months	74	78

(ii) Defined Contribution Plan

The Corporation makes contribution equivalent to amount deducted from employees salaries towards retirement saving plan. The obligation of the Corporation is limited to the amount contributed and it has no further contractual nor any constructive obligation. During the year, the Corporation has charged the following amount to Statement of Profit and Loss:

	March 31, 2024	March 31, 2023
Contribution to retirement saving plan (401K)	311	290



**Coforge Inc., USA**

**Notes to the Financial Statements for the year ended March 31, 2024**

(All Amount in USD Thousand, unless otherwise stated)

	As at March 31, 2024	As at March 31, 2023
<b>14 Other current liabilities</b>		
Employee Benefits payable	622	1,948
Statutory dues (including payroll taxes)	1,995	281
Contract Liabilities *	774	872
Other liability	78	239
<b>Total other current liabilities</b>	<b>3,469</b>	<b>3,340</b>

\*includes advance from customers amounting to Nil (Previous Year : USD 250K)

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Coforge Inc., USA

Notes to the Financial Statements for the year ended March 31, 2024

(All Amount in USD Thousand, unless otherwise stated)

15 Revenue from operations	Year ended 'March 31, 2024	Year ended 'March 31, 2023
Sales of products	755	1,449
Sale of services	406,829	385,571
<b>Revenue from operations</b>	<b>407,584</b>	<b>387,020</b>

**Timing of revenue recognition**

Goods transferred at a point in time	755	1,449
Services transferred over time	406,829	385,571
<b>Revenue from operations</b>	<b>407,584</b>	<b>387,020</b>

**Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price**

Revenue as per contracted price	410,730	392,049
Discount(including volume discount) and others	(3,146)	(5,029)
<b>Revenue from operations</b>	<b>407,584</b>	<b>387,020</b>

Note : The Company deals in number of software and hardware items whose selling price vary from item to item. In view of voluminous data, information relating to major items of sales have not been disclosed in the financial statements.

**Payment Terms**

Majority of the Company's revenue involve payment terms less than one year from the date of satisfaction of performance obligation. However, in case of contracts for grant of right of use for license, payments are due over license period. In these cases, the Company has identified that the contract contains significant financing component.

**Disclosure related to revenue from contract with customers**

(a) Particulars pertaining to contract assets (Refer Note 9)	Year ended 'March 31, 2024	Year ended 'March 31, 2023
<b>Balance at the beginning</b>	<b>9,762</b>	<b>5,242</b>
Contract assets classified to trade receivable upon billing to customer out of opening contract assets	9,762	5,237

Also refer note 5(i) for trade receivables and note 14 for contract liability

(b) Particulars pertaining to contract liability (Refer Note 14)	Year ended 'March 31, 2024	Year ended 'March 31, 2023
<b>Balance at the beginning</b>	<b>622</b>	<b>1,982</b>
Revenue recognized during the year from opening contract liabilities	622	1,982

(c) The Company operates majorly in the geography of America.

**(d) Performance obligations and remaining performance obligations**

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in IndAS115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis, fixed monthly / fixed capacity basis and transaction basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revaluations, and adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2024, other than those meeting the exclusion criteria mentioned above, is USD 50,198k (March 31, 2023 USD 43,424k). Out of this, the Company expects to recognize revenue of around USD 12,295k (March 31, 2023 USD 16,724k) within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

16 Other income	Year ended 'March 31, 2024	Year ended 'March 31, 2023
Interest income	-	2
Recharge from group companies	4,067	5,352
Miscellaneous income	579	325
<b>Total other income</b>	<b>4,646</b>	<b>5,679</b>



**Coforge Inc., USA**

**Notes to the Financial Statements for the year ended March 31, 2024**

(All Amount in USD Thousand, unless otherwise stated)

	Year ended 'March 31, 2024	Year ended 'March 31, 2023
<b>17 Employee benefits expense</b>		
Salaries, wages and bonus	22,667	21,133
Contribution to retirement saving plan (Refer Note 13)	311	290
Employees share based payment expense (Refer Note 27)	392	487
Staff welfare expenses	228	289
<b>Total employee benefit expense</b>	<b>23,598</b>	<b>22,199</b>

Employee benefit expenses includes USD Nil( 31 March 2023 USD 107K) towards special non monetary incentive awarded to the employees of the Company on achievement of certain milestone of revenue by Group in the current financial year. The corresponding liability is included in the other financial liability.

	Year ended 'March 31, 2024	Year ended 'March 31, 2023
<b>18 Depreciation and amortization expense</b>		
Depreciation of property, plant and equipment (Refer Note 3 and 4)	325	319
Depreciation of right of use assets (Refer Note 29)	571	447
<b>Total depreciation and amortization expense</b>	<b>896</b>	<b>766</b>

	Year ended 'March 31, 2024	Year ended 'March 31, 2023
<b>19 Other expenses</b>		
Rates and taxes	101	34
Advertisement and publicity expenses	264	96
Lease Rentals	7	7
Electricity and water charges	36	38
Telephone and communication charges	382	332
Legal and professional fees	1,377	796
Travelling and conveyance	1,403	1,173
Loss on exchange fluctuations (net )	204	56
Recruitment expense	56	145
Insurance premium	163	187
Repairs and maintenance - Others	104	98
Allowance for doubtful debts - trade receivables	268	305
Management charges	1,904	1,541
Professional charges (Refer Note 24)	337,055	327,197
Other Production Cost including third party license	21,632	18,229
Payment to auditors [Refer note 19(a) below]	36	33
Business promotion	3,151	1,063
Loss on disposal of property, plant and equipment (net)	-	40
Corporate social responsibility expenditure	44	71
Miscellaneous expenses	318	375
<b>Total other expenses</b>	<b>368,505</b>	<b>351,816</b>

	Year ended 'March 31, 2024	Year ended 'March 31, 2023
<b>19 (a) Details of payments to auditors</b>		
<b>Payments to auditors</b>		
<b>As auditor:</b>		
Audit Fee	33	33
Out of pocket expenses	3	-
<b>Total payments to auditors</b>	<b>36</b>	<b>33</b>

	Year ended 'March 31, 2024	Year ended 'March 31, 2023
<b>20 Finance costs</b>		
Interest on short term borrowing		
on loans from a related party(refer Note 24)	325	189
others	1,488	512
Unwinding of Discounts	494	349
Bank charges	220	84
<b>Finance costs expensed in profit or loss</b>	<b>2,527</b>	<b>1,134</b>

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**Coforge Inc., USA**

**Notes to the Financial Statements for the year ended March 31, 2024**

(All Amount in USD Thousand, unless otherwise stated)

**21 Income tax expense**

(a) This note provides an analysis of the Corporation's income tax expense, show amounts that are recognized directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Corporation's tax positions.

	Year ended 'March 31, 2024	Year ended 'March 31, 2023
Income tax expense		
Current tax		
Current tax on operating profits of the year	4,352	4,379
Adjustments for current tax of prior periods	(41)	(66)
<b>Total current tax expense</b>	<b>(A) 4,311</b>	<b>4,313</b>
Deferred tax		
(Increase) in deferred tax assets [Refer Note 6]	(88)	345
(decrease)/Increase in deferred tax liabilities [Refer Note 6]	-	-
<b>Total deferred tax (benefit)/expense</b>	<b>(B) (88)</b>	<b>345</b>
<b>Income tax expense</b>	<b>(A+B) 4,223</b>	<b>4,658</b>

(b) Amount recognised directly in equity outside profit or loss

Current/Deferred tax asset	133	(26)
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(c) Reconciliation of tax expense and the accounting profit multiplied by US's tax rate:

	Year ended 'March 31, 2024	Year ended 'March 31, 2023
Profit from continuing operations before income tax expense	16,704	16,784
Tax at the US tax rate of 25.35% (March 31, 2023 - 26.53%)*	4,234	4,453
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Business Promotions Expense	9	20
Adjustments for current tax of prior periods	(41)	209
Others	21	(23)
<b>Income tax expense</b>	<b>4,223</b>	<b>4,658</b>

\* The Corporation determines its income tax liability in accordance with the federal taxation laws of the United States of America (USA) as administered by the Internal Revenue Service(IRS), and various state income tax laws, to the extent relevant to the Corporation.

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Coforge Inc., USA

22 Fair value measurements

(All Amount in USD Thousand, unless otherwise stated)

Financial instruments by category:

	31 March 2024				
	FVTPL	FVTOCI	Amortized Cost	Carrying amount	Fair value
<b>Financial assets</b>					
Trade receivables	-	-	1,901	1,901	1,901
Security deposits	-	-	143	143	143
<b>Total Financial assets</b>	-	-	<b>2,044</b>	<b>2,044</b>	<b>2,044</b>
<b>Financial liabilities</b>					
Lease liabilities	-	-	2,126	2,126	2,126
Trade payables	-	-	1,665	1,665	1,665
<b>Total Financial liabilities</b>	-	-	<b>3,791</b>	<b>3,791</b>	<b>3,791</b>

	31 March 2023				
	FVTPL	FVTOCI	Amortized Cost	Carrying amount	Fair value
<b>Financial assets</b>					
Trade receivables	-	-	1,593	1,593	1,593
Security deposits	-	-	46	46	46
<b>Total Financial assets</b>	-	-	<b>1,639</b>	<b>1,639</b>	<b>1,639</b>
<b>Financial liabilities</b>					
Lease liabilities	-	-	1,839	1,839	1,839
Trade payables	-	-	305	305	305
<b>Total Financial liabilities</b>	-	-	<b>2,144</b>	<b>2,144</b>	<b>2,144</b>

The carrying amounts of current portion of trade receivables, trade payables, capital creditors, cash and cash equivalents, borrowings, trade For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The fair values for security deposits were calculated based on cash flows discounted using a current lending rate.

(i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are:

(a) recognized and measured at fair value, and

(b) measured at amortized cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial

An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements at 31 March 2024	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<i>Financial assets at amortised costs</i>				
Trade receivables	-	1,901	-	1,901
Security deposits	-	143	-	143
<b>Total financial assets</b>	-	<b>2,044</b>	-	<b>2,044</b>
<b>Financial Liability</b>				
<i>Financial liabilities at amortised costs</i>				
Lease liabilities	-	2,126	-	2,126
Trade payables	-	1,665	-	1,665
<b>Total financial Liability</b>	-	<b>3,791</b>	-	<b>3,791</b>

(All amounts in Rs Mn., unless otherwise stated)

Financial assets and liabilities measured at fair value - recurring fair value measurements at 31 March 2023	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<i>Financial assets at amortised costs</i>				
Trade receivables	-	1,593	-	1,593
Security deposits	-	46	-	46
<b>Total financial assets</b>	-	<b>1,639</b>	-	<b>1,639</b>
<b>Financial Liability</b>				
<i>Financial liabilities at amortised costs</i>				
Lease liabilities	-	1,839	-	1,839
Trade payables	-	305	-	305
<b>Total financial Liability</b>	-	<b>2,144</b>	-	<b>2,144</b>



**Coforge Inc., USA**

**22 Fair value measurements**

(All Amount in USD Thousand, unless otherwise stated)

All other assets and liabilities are measured at amortised cost

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing net asset value.

Level 2: The fair value of financial instruments that are not traded in an active market (for example foreign exchange forward contracts) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on Company-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels at the end of reporting period. There has

**(ii) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices for similar instruments.
- Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

**23 Segment reporting:**

As per Ind AS 108 - Operating Segments, where the financial report contains both the consolidated financial statements of a parent as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements, accordingly no segment information is disclosed in these financial statements of the Company.

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24 Related Party Transactions

A Name of related parties and description of relationship

1 Key Managerial Personnel

Name  
Sudhir Singh (Director)  
Basab Pradhan (Director)  
Bhatendra Gupta (Director)

2 Holding Company

Name of Company  
Coforge Limited

3 Fellow Subsidiaries

Name of Company

Coforge Pte Ltd  
Coforge SmartServe Ltd.  
Coforge U.K. Ltd.  
Coforge Airline Technologies GmbH  
Coforge FZ LLC  
Coforge S.A.  
Coforge DPA NA Inc. USA  
Coforge DPA Private Ltd.  
Coforge Advantage Go  
Coforge BPM Inc.  
Coforge SF Limited, UK  
Coforge SF Private Limited  
Coforge, Poland.  
Coforge SpA, Chile  
Coforge Business Process Solutions Private Limited  
Coforge BPS America Inc.  
Coforge Solutions Pvt Limited  
Coforge SDN. BHD. Malaysia  
Coforge GmbH  
Coforge DPA Australia Pty Ltd  
Coforge BV  
COFORGE TECHNOLOGIES PTY. LTD.

B Details of transactions with related parties carried out on an arms length basis:-

Nature of Transactions	Year Ended	Holding Company	Fellow Subsidiaries	Key Managerial Personnel	Total
		(USD)	(USD)	(USD)	(USD)
Payment of Dividend	March 31, 2024	20,400	-	-	20,400
	March 31, 2023	8,500	-	-	8,500
Professional Charges	March 31, 2024	286,716	41,085	-	327,801
	March 31, 2023	285,912	33,339	-	319,251
Recovery of Expenses from the Corporation	March 31, 2024	1,904	-	-	1,904
	March 31, 2023	1,541	39	-	1,580
Recovery of Expenses by the Corporation	March 31, 2024	314	3,752	-	4,067
	March 31, 2023	-	5,359	-	5,359
Interest Income	March 31, 2024	-	-	-	-
	March 31, 2023	-	2	-	2
Interest	March 31, 2024	160	325	-	485
	March 31, 2023	-	97	-	97

C Details of balances with related parties

	Receivables as at March 31, 2024	Payables as at March 31, 2024	Receivables as at March 31, 2023	Payables as at March 31, 2023
Holding Company	680	20,012	149	18,450
Fellow Subsidiaries	974	14,048	1,548	8,935

	Interest Receivables as at March 31, 2024	Loan Recoverable as at March 31, 2024	Interest Receivables as at March 31, 2023	Loan Recoverable as at March 31, 2023
Holding Company	-	-	-	-
Fellow Subsidiaries	-	-	-	-

	Interest Payables as at March 31, 2024	Loan Payable as at March 31, 2024	Interest Payables as at March 31, 2023	Loan Payable as at March 31, 2023
Holding Company	-	-	-	-
Fellow Subsidiaries	431	4,250	106	3,250



25 **Financial Risk Management**

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

This note explains the source of risk which the Corporation is exposed to and how the Corporation manages the risk.

**(A) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

**Trade Receivables**

The customers of the Company are primarily corporations based in the United States of America and Europe and accordingly, trade receivables are concentrated in the respective countries. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivables. The Company has used the expected credit loss model to assess the impairment loss or gain on trade receivables and unbilled revenue, and has provided it wherever appropriate. The Company in the normal course of business sells certain trade receivables to banks. Under the terms of arrangements, the Company surrenders control over these assets and transfer is on a non-recourse basis.

The following table gives the movement in allowance for expected credit loss for the year ended March 31, 2024:

	March 31, 2024	March 31, 2023
<b>Balance at the beginning</b>	<b>1,089</b>	<b>2,879</b>
Impairment loss recognized/(reversed) (Refer Note 19)	268	305
Amounts written off	-	(2,095)
<b>Balance at the end *</b>	<b>1,357</b>	<b>1,089</b>

\* Closing balance includes trade receivable USD 1,039K (31 March 2023 USD 772K) and contract assets USD 317K (31 March 2023 USD 317K).

**(B) Liquidity risk**

**(i) Financing arrangements**

The Corporation's principal source of liquidity are cash and cash equivalents and the cash flow that is generated from operation. The Corporation does not have any outstanding borrowings. The Corporation has "Revolving Line of Credit Note" having limit of USD 23 million with its bank. The Corporation believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

**(ii) Maturities of financial liabilities**

Balances due within and after 12 months equal their carrying balances as the impact of discounting is not significant.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2024:

Particulars	Less than 1 Year	1-2 Years	2-4 Years	4-8 Years	Total
Trade Payables	51,889	1,195	470	-	53,554
Lease Liability	897	943	1,183	-	3,023
Borrowing	6,250	-	-	-	6,250
	<b>59,036</b>	<b>2,138</b>	<b>1,653</b>	<b>-</b>	<b>62,826</b>

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2023:

Particulars	Less than 1 Year	1-2 Years	2-4 Years	4-8 Years	Total
Trade Payables	42,455	305	-	-	42,760
Lease Liability	589	620	1,219	-	2,428
Borrowings	3,250	-	-	-	3,250
	<b>46,294</b>	<b>925</b>	<b>1,219</b>	<b>-</b>	<b>48,438</b>

**(C) Market risk**

**(i) Foreign currency risk**

The Corporation is exposed to foreign exchange risk arising from foreign currency revenue transactions primarily with respect to Euro. Given the exposure is not material, the Corporation does not enter into any hedging transactions. On expense side, there are no transactions that are exposed to foreign exchange risk.

**(ii) Cash flow and fair value interest rate risk**

The Corporation does not have any borrowings except "Revolving line of credit", which is subject to variable rate of interest. However, the total interest charged during the year is USD 907K (March 31, 2023 USD 512K), which is immaterial to these financial statements and therefore the Corporation does not have any interest rate risk.

**(iii) Price risk**

The Corporation does not have any investment in an entity whose securities are listed on stock exchange. The Corporation has long term investments in the USA based unlisted companies that are classified in the balance sheet at fair value through OCI. The investments are not material to the financial statements.

26 **Capital Management**

**(a) Risk Management**

The Corporation is a wholly owned subsidiary of Coforge Limited, a listed company in India and the strategy has been to reinvest the profits earned for the future growth. The Corporation does not have any debt.

**(b) Dividends**

The Corporation had paid interim dividend of USD 24,000K (amount includes tax) during the year ended March 31, 2024. The directors have not recommended any final dividend for the year ended March 31, 2024.

27 Certain employees of the Company have received stock options of the Holding Company. The scheme is managed and administered by the Holding Company and the compensation benefits in respect of such scheme is cross charged by the said Company. During the year, the Holding Company has cross charged USD 392K (31 March 2023 - USD 487K) towards stock compensation cost and the same has been accounted for under 'Employee Benefit Expenses' in the Statement of Profit and Loss (Refer Note 17).



28 Earnings per Share

<b>(a) Basic and Diluted earnings per share</b>	<b>March 31, 2024</b>	<b>March 31, 2023</b>
From continuing operations attributable to the equity holders of the company	4.40	4.27
Total basic earnings per share attributable to the equity holders of the company	<b>4.40</b>	<b>4.27</b>
<b>(b) Reconciliations of earnings used in calculating earnings per share</b>		
<i>Basic and Diluted earnings per share</i>		
Profit attributable to the equity holders of the company used in calculating basic and diluted earnings per share:		
From continuing operations	12,481	12,126
<b>(c) Weighted average number of shares used as the denominator</b>		
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	2,837,887	2,837,887
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	<b>2,837,887</b>	<b>2,837,887</b>

29 Leases

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2024:

Particulars	Year Ended	Year Ended
	March 31, 2024	March 31, 2023
	Buildings	Buildings
Balance as at beginning of the year	2,015	2,095
Additions	1,205	368
Deletions	-	-
Depreciation	(571)	(447)
<b>Balance as at end of the year</b>	<b>2,650</b>	<b>2,015</b>

The following is the movement in lease liabilities during the year ended March 31, 2024:

Particulars	Year Ended	Year Ended
	March 31, 2024	March 31, 2023
Balance at the beginning	2,428	2,523
Additions	1,160	368
Deletions	-	-
Finance cost accrued during the period	123	124
Payment of lease liabilities	(688)	(586)
<b>Balance at the end</b>	<b>3,023</b>	<b>2,428</b>

The following is the break-up of current and non-current lease liabilities as of March 31, 2024:

Particulars	As at	As at
	March 31, 2024	March 31, 2023
	Amount	Amount
Current lease liabilities	897	589
Non-current lease liabilities	2,126	1,839
<b>Total</b>	<b>3,023</b>	<b>2,428</b>

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

The aggregate depreciation on ROU assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

30 Other Statutory Information

The Company 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

The Company have 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 Company 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

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31 Ratio analysis

Particulars	Numerator	Denominator	March 31, 2024	March 31, 2023	Change	Remarks
Current Ratio	Current Assets	Current Liabilities	1.13	1.49	-24%	
Debt Equity Ratio	Debt	Equity	0.50	0.19	164%	Increase is primarily on account of increase in current borrowings
Debt service Coverage Ratio	Earnings available for debt service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.	Debt service = Interest & Lease Payments + Principal Repayments	6.26	10.87	-42%	Decrease is primarily on account of increase in current borrowings leading to more interest payments during the year.
Return on equity ratio	Net Profit After Tax - Pref Dividend	Average Shareholders Equity	51.65%	42.10%	23%	
Inventory turnover ratio	Cost of goods sold or sales	Average inventory	NA	NA	NA	
Trade receivable turnover ratio	Net Credit Sales	Average trade receivables	7.38	7.26	2%	
Trade payable turnover ratio	Purchase of services and other expenses	Average trade payables	7.64	10.57	-28%	Decrease is primarily on account of increase in average trade payables
Net capital turnover ratio	Net sales	Working Capital	48.62	15.53	213%	Increase is primarily on account of lower working capital in current year due to increase in current liabilities mainly trade payables and borrowings
Net profit ratio	Net Profit after tax	Net sales	3.06%	3.13%	-2%	
Return on capital employed	Earning before interest and taxes	Capital Employed	51.70%	34.35%	50%	Increase is primarily on account of lower tangible net worth in current year due to increase in dividend paid
Return on investment	Dividend income	Investments	NA	NA	NA	

32 Previous year figures have been reclassified to conform to current year's classification.

For **S.R Batliboi & Associates LLP**  
Chartered Accountant  
Firm Registration Number: 101026/W/E300004

**Amit Virmani**  
Partner  
Membership Number: 504649  
Place: Gurugram  
Date: June 13, 2024

For and on behalf of the Board of Directors of **Coforge Inc., USA**

**Bhatendra Gupta**  
Director  
Place : New Jersey, USA  
Date: June 13, 2024

**Sudhir Singh**  
Director  
Place : New Jersey, USA  
Date: June 13, 2024



*[Handwritten signature]*