

BOARD'S REPORT



BOARDS' REPORT

To,
The Members

The Board of Directors of your Company is pleased to present the **9th (Ninth) Annual Report** on the business and operations of Smartworks Coworking Spaces Limited (the “**Company**”) along with the Audited consolidated & standalone financial statements as at and for the financial year ended March 31, 2024.

FINANCIAL RESULTS:

(Amount in Millions)

| <u>PARTICULARS</u> | <u>STANDALONE</u> | | <u>CONSOLIDATED</u> | |
|---|---|---|---|---|
| | <u>YEAR ENDING AS ON 31.03.2024</u> | <u>YEAR ENDING AS ON 31.03.2023</u> | <u>YEAR ENDING AS ON 31.03.2024</u> | <u>YEAR ENDING AS ON 31.03.2023</u> |
| REVENUE | 10378.72 | 7097.10 | 10393.64 | 7113.92 |
| OTHER REVENUE | 752.60 | 331.52 | 737.46 | 326.78 |
| TOTAL REVENUE | 11131.32 | 7428.62 | 11131.10 | 7440.70 |
| OPERATING & ADMINISTRATION EXPENDITURE | 3773.58 | 2849.34 | 3796.94 | 2873.94 |
| EBITDA | 7357.74 | 4579.28 | 7334.16 | 4566.76 |
| FINANCE COST | 3,283.18 | 2366.64 | 3283.18 | 2366.56 |
| DEPRECIATION AND AMORTIZATION EXPENSE | 4,709.97 | 3561.62 | 4727.20 | 3562.46 |
| TOTAL EXPENSES | 11766.73 | 8777.60 | 11807.32 | 8802.96 |
| PROFIT/(LOSS) BEFORE TAX | (635.41) | (1348.98) | (676.22) | (1362.26) |
| LESS: CURRENT TAX | - | - | - | - |
| LESS: DEFERRED TAX | (165.17) | (351.10) | (176.65) | (351.80) |
| PROFIT/(LOSS) AFTER TAX | (470.24) | (997.88) | (499.57) | (1010.46) |
| OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR (NET OF TAX) | 1.39 | 0.27 | 1.24 | 0.26 |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | (468.84) | (997.61) | (498.33) | (1010.20) |

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CIN: U74900DL2015PLC310656





| | | | | |
|---|-------------------|-------------------|------------------|------------------|
| PROFIT/(LOSS) BALANCE AT THE BEGINNING OF THE YEAR | (2,843.03) | (1,845.42) | (2857.36) | (1847.16) |
| PROFIT/(LOSS) BALANCE AT THE END OF THE YEAR | (3,311.88) | (2843.03) | (3355.69) | (2857.36) |

OPERATIONAL AND FINANCIAL PERFORMANCE:

Smartworks has become India's largest pan-India managed Campus operator spread across (13 cities, 41 centres and ~8 Mn sq. ft) catering to over 600 clients across Indian corporates, multi-national corporations ("MNCs") operating in India and start-ups. Smartworks equips its Campus with modern and aesthetically pleasing designs using its extensive design library, integrated proprietary technology solutions and amenities such as cafeterias, sport zones, Smart Stores, gyms, crèches and medical centres.

The income from operations during the year grew 46.24 % YoY to INR 10,378.72 Mn in FY 2023-24 as compared to INR 7,097.10 Mn in FY 2022-23. The Company is in rapid expansion phase and higher growth levels compared to previous year levels. The Company is well poised to take advantage of the overwhelming demand for flexible workspaces and leverage its market leadership, competitive advantage and sound profitable business model to drive exponential growth.

DIVIDEND:

No dividend is recommended for the financial year ended on March 31, 2024.

TRANSFER TO RESERVES:

Amount proposed to be transferred to General Reserve: NIL

CHANGE IN SHARE CAPITAL:**Authorized Share Capital:**

The Authorized Capital of the company is INR 1,20,00,00,000 (Rupees One Hundred Twenty Crores) divided into 10,00,00,000 (Ten Crores) Equity Shares of INR 10/- (Rupees Ten Only) each and 2,00,00,000 (Two Crores) cumulative convertible preference shares of INR 10/- (Rupees Ten Only) each as on March 31, 2024.

Further Issue of Paid Up Share Capital:

During the financial year ended March 31, 2024, the Board of Directors of your Company has allotted the following securities:-

1. 13,22,000 Equity Shares of Face Value INR 10/- (Indian Rupees Ten only) each at a premium of INR 259/- (Indian Rupees Two Hundred and Fifty Nine Only) per share, aggregating to INR 35,56,18,000/- (Indian Rupees Thirty Five Crores Fifty Six Lakhs and Eighteen Thousand only) by the way of Private Placement on a preferential basis, vide board resolution passed on January 13, 2024; and

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2. 12,19,776 Cumulative Convertible Preference Shares (“CCPS”) of Face Value INR 10/- (Indian Rupees Ten only) each at a premium of INR 259/- (Indian Rupees Two Hundred and Fifty Nine Only) per share, aggregating to INR 32,81,19,774/- (Indian Rupees Thirty Two Crores Eighty One Lakhs Nineteen Thousand Seven Hundred and Seventy Four Only) by the way of Private Placement on a preferential basis vide, board resolution passed on March 30, 2024.

Consequent to the above allotments, the issued, subscribed and paid-up Share Capital of your Company as on March 31, 2024 stood at INR 98,61,23,340 (Indian Rupees Ninety Eight Crores Sixty One Lacs Twenty Three Thousand Three Hundred & Forty only) divided into 7,90,12,643 Equity Shares of INR 10/- (Indian Rupees Ten Only) each and 1,95,99,691 Cumulative Convertible Preference Shares of INR 10/- (Rupees Ten Only) each.

Further, during the financial year ended March 31, 2024, below shares were transferred:-

1. 1,30,000 equity shares of the Company were transferred from M/s. MBG Commodities Private Limited to Avantika Mandhani which was approved by the Board of Directors in its meeting held on September 29, 2023; and
2. 5,286 equity shares of the Company were transferred as a Gift from Ms. Shubhra Khemka to Ms. Neeta Sarma which was approved by the Board of Directors in its meeting held on December 01, 2023.

Other securities

As on March 31, 2024, the Company has the following outstanding securities:

- a. 1,250 Non-convertible bonds having nominal value of INR 10,00,000 each for an aggregate amount of INR 125,00,00,000 (Rupees One Hundred and Twenty Crore only); and
- b. 8,50,000 warrants partly paid up of face value INR 10 each at a premium of INR 250 per share, aggregating to INR 22,10,00,000 (Rupees Twenty Two Crore Ten Lakhs only)

During the financial year ended March 31, 2024, your Company has not granted any stock options or Sweat equity.

Employee Stock Option Plan:

The Company has approved Employees Stock Option Plan (ESOP) upto 9,50,000 ESOP options in its Board meeting held on December 20, 2022, and subsequently in the shareholders' meeting held on February 24, 2023.

The details as required to be stated in this Report under Rule 12(9) of Companies (Share Capital and Debenture) Rules, 2014 is not applicable as the ESOP has not been granted.

MATERIAL CHANGES AND COMMITMENTS:

There are few material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2023-24 and the date of this report as stated below:

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- a. 10,707 Cumulative Convertible Preference Shares (“CCPS”) of Face Value INR 10/- (Indian Rupees Ten only) each at a premium of INR 259/- (Indian Rupees Two Hundred and Fifty Nine Only) per share, aggregating to INR 28,80,183/- (Indian Rupees Twenty Eight Lakhs Eighty Thousand One Hundred and Eighty Three only) were allotted by the way of Private Placement on a preferential basis vide board resolution passed on April 18, 2024.
- b. 37,16,551 Equity shares of Face Value INR 10/- (Indian Rupees Ten only) each at a premium of INR 259/- (Indian Rupees Two Hundred and Fifty Nine Only) per share, aggregating to INR 99,97,52,219/- (Indian Rupees Ninety Nine Crores Ninety Seven Lakhs Fifty Two Thousand Two Hundred and Nineteen only) were allotted by the way of Private Placement on a preferential basis vide board resolution passed on June 17, 2024.
- c. The Company is exploring to examine and evaluate various modes of fund raising through issue of initial public offering (“IPO”) of Equity Shares.
- d. The Company has incorporated a new subsidiary in Singapore, i.e. Smartworks Space Pte. Ltd. (SSPL), on March 15, 2024. SSPL did not have any paid-up capital as at March 31, 2024. On May 24, 2024, SSPL has allotted 3 million shares (face value: SGD 1) for consideration of SGD 3 million to the Company. SSPL has not entered into any financial transaction during the year ended March 31, 2024.
- e. On March 27, 2024, Smartworks Space Pte. Ltd. entered into an agreement with Keppel Real Estate Services PTE. LTD. (‘KRESPL’) to acquire property, plant and equipment; customer deposits and contracts with customers / vendor in respect of two co-working centers located in Singapore for consideration of USD 2.085 million (Rs. 174.61 million). This transaction has been subsequently completed as on May 28, 2024 as per closing condition mentioned in agreement.

CONVERSION FROM PRIVATE TO PUBLIC COMPANY

The Status of the Company has changed from private limited to public limited. Pursuant to the provisions of Section 18 of the Companies Act, 2013, read with Rule 33 of the Companies (Incorporation) Rules, 2014, as amended from time to time, and vide Shareholders’ approval dated June 28, 2024.

The said conversion was also approved by Registrar of Companies vide Certificate of Incorporation dated July 25, 2024, pursuant to which the company is now a Public company and name has been changed from “**Smartworks Coworking Spaces Private Limited**” to “**Smartworks Coworking Spaces Limited**”.

CHANGE IN NATURE OF BUSINESS OF THE COMPANY:

During the financial year ended March 31, 2024, there is no change in the nature of business operations of the Company.

FUTURE OUTLOOK

Smartworks is India’s largest office experience and managed campus platform in terms of total super built-up area (“SBA”). Our managed campus platform consists of a total SBA of 8.00 million square feet across 41 Centres in 13

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cities such as Bengaluru, Pune, Hyderabad, Gurugram, Mumbai, Noida and Chennai, with 182,228 Seats, as of March 31, 2024. Our centres across India serve 603 clients. We have also recently acquired two centres in Singapore with a total SBA of 35,036 square feet.

We focus on mid to large enterprises and have built a growing client base, which includes Indian corporates, multi-national corporations (“MNCs”) operating in India and start-ups. We equip our campuses with modern and aesthetically pleasing designs using our extensive design library, integrated proprietary technology solutions and amenities such as cafeterias, sport zones, smart stores, gyms, crèches and medical centres. We create value for landlords/ developers of commercial real-estate properties, especially passive and non-institutional, by transforming their bare-shell buildings into ‘Smartworks’-branded, fully serviced managed and experience campuses.

We are focusing on following strategies to strengthen our position as an industry leader:

We intend to capitalise our market leadership, learnings, and expertise to further scale our core business

Our focus remains on leasing large properties across cities, especially in key and upcoming office clusters. We have established ourselves in the 17 out of 23 key clusters ensuring our expansion in developed and high-growth areas. We will also continue to focus on increasing long-term relationships with existing clients, who often have multi-centre/ city managed workspace requirements. This will further drive our organic growth, ensure steady revenues and will give us the opportunity to deliver consistent service experience.

Enhance capital efficiency through variable rental model and managed contracts

We aim to strategically expand into the variable rental and management contract models as well. We plan to use both these models to enter new and emerging markets. In April 2024, we signed up an agreement with ASF Insignia in Gurgaon for SBA of 450,000 square feet under the variable rental model. Both these models will derisk our business and support the return on capital.

Scale up our new revenue streams which are margin accretive

We have developed significant capabilities of providing bundled solutions using our sourcing, technology and design capabilities and intend to develop them in the future.

Value added services: Our VAS initiated from Fiscal 2023 through revenue-sharing partnerships, whereby, through our service partners we offer services like cafeterias, sport zones, Smart Stores, gyms, crèches and medical centres. This represents a vast untapped market opportunity, which could be capitalised by scaling our service partnership relations and diversifying our VAS offerings.

Fitout-as-a-service: We started offering FaaS from the Fiscal 2024 to enterprises that have a self-leased and managed office. We use our expertise of designing modern and aesthetically pleasing workspaces using our in-house strong design team and extensive design library and large network of vendors. In April, we entered a FaaS arrangement for First Source with an SBA of 99,429 square feet.

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Continue to build proprietary technology to improve operational efficiency and create opportunities for monetisation

We have built and integrated platform that connects Clients, Landlords, Client's employees and service partners. We aim to continue to deploy more innovative in-house technology solutions to solve identified opportunities in the fields of real-asset management, workforce management, environmental, social and governance offerings, comprehensive project management tools and a supply marketplace. Our goal is to also leverage data and make our applications AI-enabled, integrating more IoT solutions into them.

To become a sustainable company

We aim to significantly enhance our commitment to sustainability and social responsibility. Since June 2023, we have initiated a comprehensive environmental, social and governance program with the intent to achieve goals in both the short and long term. As we move forward, we aim to enhance our focus on clean energy, prioritize environmental performance in our campuses and integrate sustainability technology in our stack.

ERP Implementation

In our pursuit of expansion, we have deployed comprehensive ERP systems to achieve seamless integration across various departments. Concurrently, we are in the process of providing extensive training programs company wide.

Follow highest standards of accounting and corporate governance:

We have formalized and documented accounting policies, operating procedures, manuals, and timelines. We are investing in enhancing the team's skill set, processes and tools to support accelerated financial closing and reporting process for the upcoming financial year. ERP implementation will enable preparation of quarterly/ monthly financials.

DETAILS OF SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES:

During the Financial year ended March 31, 2024, the Company incorporated a foreign Wholly owned subsidiary in the name of "Smartworks Space Pte. Ltd.," in Singapore.

Accordingly, the Company has 4 (Four) wholly owned subsidiaries namely, Smartworks Tech Solutions Private Limited, Smartworks Office Services Private Limited, Smartworks Stellar Services Private Limited and Smartworks Space Pte Ltd. as on March 31, 2024. The financials details of the subsidiaries have been enclosed herewith in the Form AOC-1 and is annexed as "Annexure A" with this report.

Except as mentioned above, the Company does not have any Joint Ventures or Associate Companies as on financial year ended March 31, 2024.

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CONSOLIDATED FINANCIAL STATEMENT:

In accordance with the provisions of the Act and Indian Accounting Standard (“Ind AS”) 110 – Consolidated Financial Statements, the consolidated audited financial statement forms part of this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS U/S 186 OF THE COMPANIES ACT, 2013:

Details of loans, guarantees and investments under the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 as on March 31, 2024, are set out in **Annexure ‘B’** hereto and forms a part of this Report. The particulars of loans and investments have also been disclosed in notes to the Financial Statements.

The aggregate of loans, guarantees given and investments made by the Company are within the limits prescribed under Section 186 of the Companies Act, 2013.

DETAILS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The contracts or arrangements made with related parties as defined under section 188 (2) of the Companies Act, 2013 during the financial year ended March 31, 2024 is annexed with this report in **Form AOC-2** and marked as “**Annexure C**”.

DEPOSITS:

During the financial year ended March 31, 2024, the Company has not accepted any deposit covered by the provisions of Chapter V of the Companies Act, 2013.

STATUTORY AUDITORS:

The existing Statutory Auditors, M/s Deloitte Haskin & Sells LLP (Firm Registration No: 117366 W/W-100018) Chartered Accountants were appointed as Statutory Auditors of the Company for a term of 4 (four) years in the 5th (Fifth) Annual General Meeting of the Company held on April 23, 2021, to hold office till conclusion of 9th (Ninth) Annual General Meeting of the Company for the Financial Year 2023-24.

On recommendation of the Audit Committee, the Board of Directors further recommends the re-appointment of M/s Deloitte Haskin & Sells LLP (Firm Registration No: 117366 W/W-100018) Chartered Accountants, as Statutory Auditors, to the members in ensuing Annual General Meeting for a period of 5 (five) Years, from the conclusion of ensuing Annual General Meeting of the Company till the conclusion of 14th (Fourteenth) Annual General Meeting of the Company to be held for the Financial Year 2028-29.

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AUDITORS' REPORT:

The remarks of the Auditors are self-explanatory in nature and does not require any clarifications by the Board.

SECRETARIAL AUDIT:

Pursuant to the provision of Section 204 of the Companies Act, 2013, and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your company had appointed Mr. Babulal Patni, Practicing Company Secretary, Kolkata (Membership No: F2304, COP: 1321) as Secretarial Auditor to conduct the Secretarial Audit of the Company for the Financial Year ended March 31, 2024. The report of the Secretarial audit in Form MR- 3 is annexed hereto and marked as “Annexure D”.

The report does not contain any qualification, reservation, adverse remark or disclaimer.

ANNUAL RETURN:

Pursuant to Section 92(3) of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of will be hosted on the website of the company www.smartworksoffice.com under URL: <https://www.smartworksoffice.com/annual-return/>

DETAILS OF THE BOARD MEETING:

The Board of Directors met 5 (Five) times during the Financial Year ended March 31, 2024, as detailed below:

| <u>Date of the meeting</u> | <u>No. of Directors attended the meeting</u> |
|-----------------------------------|---|
| 15.06.2023 | 2 |
| 29.09.2023 | 2 |
| 01.12.2023 | 2 |
| 06.03.2024 | 2 |
| 26.03.2024 | 2 |

The intervening gap between the meetings was within the period prescribed under the Companies Act 2013.

DETAILS OF GENERAL MEETINGS:

The Annual General Meeting for the financial year ended March 31, 2023 was held on September 29, 2023.

The Company also convened two Extra Ordinary General Meetings on 15th December, 2023 and 26th March, 2024 respectively.

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**DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR:**

As on March 31, 2024, following is the composition of Board:

| Name | Designation |
|-----------------------------------|---------------------|
| Mr. Neetish Sarda (DIN: 07262894) | Managing Director |
| Mr. Harsh Binani (DIN: 07717396) | Whole Time Director |

As on March 31, 2024, Ms. Punam Dargar was the Company Secretary of the Company.

During the financial year 2023-24, there has been no change in the composition of the Board of Directors. However, the composition of Board of Directors and Key Managerial Personnel have changed from the end of financial year till the date of the report which are detailed as below in chronological order:

| S.No | Name | Designation | Appointment/ Resignation/ Change in designation | With Effect From |
|------|--|---------------------------------------|---|---------------------|
| 1. | Mr. Atul Gautam (DIN: 10641036) | Additional Non- Executive Director | Appointment | June 21, 2024 |
| 2. | Mrs. Ramya Hariharan (DIN: 06928511) | Independent Director | Appointment | June 28, 2024 |
| 3. | Mr. Atul Gautam (DIN: 10641036) | Director | Change in Designation | June 28, 2024 |
| 4. | Mr. Virusangulam Kumarasamy Subburaj (DIN: 02402775) | Additional Independent Director | Appointment | July 16, 2024 |
| 5. | Mr. Rajeev Rishi (DIN: 03557148) | Additional Independent Director | Appointment | July 16, 2024 |
| 6. | Mr. Kiam Kheong Ho (DIN: 08661195) | Nominee Director | Appointment | July 16, 2024 |

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| | | | | |
|----|---|----------------------------|-------------|---------------|
| 7. | Mrs. Ramya Hariharan (DIN: 06928511) | Independent Director | Cessation | July 18, 2024 |
| 8. | Mr. Sahil Jain (PAN: ALWPJ5278L) | Chief Financial Officer | Appointment | July 19, 2024 |

Mr. Virusangulam Kumarasamy Subburaj (DIN: 02402775) and Mr. Rajeev Rishi (DIN: 03557148) holds office as Additional Independent Director of the Company upto the date of ensuing Annual General Meeting of the Company.

Your Directors propose and recommend the appointment of Mr. Virusangulam Kumarasamy Subburaj (DIN: 02402775) and Mr. Rajeev Rishi (DIN: 03557148) to be regularised as Independent Director of the Company in ensuing Annual General Meeting of the Company.

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149

All Independent Directors of the Company have given declaration under Section 149 (7) of the Act, that they meet the criteria laid down in Section 149 (6) of the Act.

COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE ("NRC COMMITTEE")

As per the provisions of Section 178 of the Companies Act, 2013, read with Rule 6 of Companies (Meeting of Board and its Powers) Rules, 2014, the Board of Director of the Company vide Resolution by Circulation passed on July 23, 2024, has constituted the NRC Committee as per the following details:

1. Mr. Rajeev Rishi (DIN: 03557148), Independent Director, Chairperson
2. Mr. Virusangulam Kumarasamy Subburaj (DIN: 02402775), Independent Director, Member
3. Mr. Atul Gautam (DIN: 10641036), Non-Executive Director, Member

Further, the NRC Committee is in the process of formulating the criteria for determining qualifications, positive attributes, and independence of a director and a policy, relating to the remuneration for the Directors, key managerial personnel and other employees. for Directors, Key Managerial Personnel and other employees.

FORMAL ANNUAL EVALUATION OF THE PERFORMANCE OF THE BOARD, ITS COMMITTEES AND OF INDIVIDUAL DIRECTORS HAS BEEN MADE

The NRC Committee of the Company is in the process of formulating a policy for annual evaluation of the performance of the board, its committees and of individual directors.

DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 134 (5) of the Companies Act 2013, your directors confirm that:

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- i) In the preparation of the annual Accounts for the financial year ended March 31, 2024, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii) The Directors have selected such accounting policies and applied them consistently to the Audited Statement of Accounts and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2024 and of the Loss of the Company for the year.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the Annual Accounts on a going concern basis.
- v) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- vi) The Company being unlisted sub-clause(e) of Section 134(5) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company.

CONSERVATION OF ENERGY, ABSORPTION OF TECHNOLOGY, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information on conservation of energy and technology absorption stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, do not apply to your company.

FOREIGN EXCHANGE EARNINGS & OUTGO

During the financial year ended March 31, 2024, the Company has earned NIL (P.Y. NIL) foreign exchange and the outgo on foreign exchange was INR 2.16 million (P.Y. INR 3.32 million).

COMPOSITION OF STAKEHOLDERS RELATIONSHIP COMMITTEE (“SRC COMMITTEE”)

The Board of Directors of the Company vide Resolution by Circulation passed on July 23, 2024, has constituted the Stakeholders Relationship Committee (“SRC”), with the following members:

1. Mr. Atul Gautam (DIN: 10641036), Non-Executive Director, Chairperson
2. Mr. Virusangulam Kumarasamy Subburaj (DIN: 02402775), Independent Director, Member
3. Mr. Harsh Binani (DIN: 07717396), Whole-Time Director, Member
4. Mr. Kiam Kheong Ho (DIN: 08661195), Nominee Director, Member

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COMPOSITION OF THE RISK MANAGEMENT COMMITTEE (“RMC”):

The Board of Directors of the Company vide Resolution by Circulation passed on July 23, 2024, has constituted the Risk Management Committee (“RMC”), with the following Members:-

1. Mr. Rajeev Rishi (DIN: 03557148), Independent Director, Chairperson
2. Mr. Harsh Binani (DIN: 07717396), Whole-Time Director, Member
3. Mr. Neetish Sarda (DIN: 07262894), Managing Director, Member

Further, the RMC of the Company is in the process of formulating and recommending the RMC Policy of the Company to the Board of Directors.

COMPOSITION OF THE AUDIT COMMITTEE

As per the provisions of Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014, the Board of Directors of the Company vide Resolution by Circulation passed on July 23, 2024, has constituted the Audit Committee as per the following details:-

1. Mr. Rajeev Rishi (DIN: 03557148), Independent Director, Chairperson
2. Mr. Virusangulam Kumarasamy Subburaj (DIN: 02402775), Independent Director, Member
3. Mr. Atul Gautam (DIN: 10641036), Non-Executive Director, Member

WHISTLE BLOWER POLICY/ VIGIL MECHANISM POLICY

Pursuant to Section 177(9) of the Companies Act, 2013, read with Rule 7(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, a Vigil Mechanism and Whistle Blower Policy was adopted, and vigil mechanism was established for directors and employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company’s code of conduct that could adversely impact the Company’s operations, business performance and / or reputation, with clear and adequate safeguards against victimization of whistle blowers.

Now, as the Company has been converted into a Public Limited Company and in light of the proposed initial public offering and listing of the Company’s Equity Shares on the Stock Exchanges, the Audit Committee of the Company is in the process of formulating and recommending a new Whistle Blower Policy/ Vigil Mechanism Policy, in compliant with SEBI LODR Regulations, to the Board of Directors.

COMPOSITION OF THE CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

During the financial year ended on March 31, 2024, the provisions of Corporate Social Responsibility (CSR) as prescribed under Section 135 of the Companies Act 2013 were not applicable to the Company.

Smartworks Coworking Spaces Limited

(Formerly known as Smartworks Coworking Spaces Private Limited)

Regd. Office: Unit No. 305 – 310, Plot No. 9,10, & 11, Vardhman Trade Centre, Nehru Place, South Delhi – 110 019.

Corporate Office: Golf View Tower, Tower – B, Sector 42, Gurugram – 122002, Haryana

Phone No: 0124-6919 400

CIN: U74900DL2015PLC310656



However, after the end of the financial year, the above provisions become applicable to the Company and the Board of Directors of the Company vide Resolution by Circulation passed on July 23, 2024, has constituted the Corporate Social Responsibility (CSR), with the following Members:-

4. Mr. Neetish Sarda (DIN: 07262894), Managing Director, Chairperson
5. Mr. Virusangulam Kumarasamy Subburaj (DIN: 02402775), Independent Director, Member
6. Mr. Harsh Binani (DIN: 07717396), Whole-Time Director, Member

Further, the CSR Committee of the Company is in the process of formulating and recommending the CSR Policy of the Company to the Board of Directors.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUBSECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

No frauds were reported by the Statutory Auditors in their audit report for the financial year ended on 31st March, 2024.

MAINTENANCE OF COST RECORDS U/S 148 OF COMPANIES ACT, 2013:

During the financial year ended March 31, 2024, the provisions of Section 148 of the Companies Act, 2013 relating to maintenance of the cost records are not applicable.

SIGNIFICANT ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS:

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

SECRETARIAL STANDARDS:

During the financial year ended March 31, 2024, your Company has complied with the respective Secretarial Standards issued by the Institute of Company secretaries of India on Board Meetings and General Meetings.

PREVENTION OF SEXUAL HARASSMENT POLICY:

As per of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 ('POSH ACT') and rules made thereunder, your Company has adopted a policy on prevention, prohibition and redressal of sexual harassment of women at workplace. The Company has also constituted an Internal Complaints Committee. While maintaining the highest governance norms, the Company has appointed an external independent person who has worked in this area and has requisite experience and knowledge in handling such matters, as Member of such committees. To build awareness in this area, the Company has been conducting an induction/awareness programme in the organization on a continuous basis.

Smartworks Coworking Spaces Limited

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During the financial year ended March 31, 2024, one complaint on sexual harassment were received by the Company. Details as per Section 21 and 22 of the POSH Act are as under:

Number of cases pending as on the beginning of the financial year – Nil

Number of complaints filed during the financial year- **1 (One)**

Number of cases pending as at the end of the financial year- Nil

DETAILS OF PROCEEDINGS UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016:

There are no insolvency proceedings filed against the Company, under the Insolvency and Bankruptcy Code, 2016 as amended, before the National Company Law Tribunal or other Courts as on March 31, 2024.

DETAILS OF ONE TIME SETTLEMENT AND VALUATION WHILE AVAILING LOAN FROM BANKS/ FINANCIAL INSTITUTIONS:

The Company serviced all the debts & financial commitments as and when they became due and no settlements were entered into with the bankers.

ACKNOWLEDGEMENT:

Your Directors place on record their earnest appreciation for the unstinted commitment, dedication, hard work and significant services rendered by the employees, bankers and other stakeholders of the Company.

For and on behalf of the Board of Directors
For **Smartworks Coworking Spaces Limited**

SD/-

SD/-

Managing Director

Neetish Sarda

DIN: 07262894

Address: 14/1, Judges Court Road, Kolkata – 700027

Date: 31st July, 2024

Place: Kolkata

Whole Time Director

Harsh Binani

DIN: 07717396

Address: 244, Westend Marg, Saidulajab, Kohinoor Enclave, Saidul Azaib, Mehrauli, Delhi 110030

Date: 31st July, 2024

Place: Gurugram

Smartworks Coworking Spaces Limited

(Formerly known as Smartworks Coworking Spaces Private Limited)

Regd. Office: Unit No. 305 – 310, Plot No. 9,10, & 11, Vardhman Trade Centre, Nehru Place, South Delhi – 110 019.

Corporate Office: Golf View Tower, Tower – B, Sector 42, Gurugram – 122002, Haryana

Phone No: 0124-6919 400

CIN: U74900DL2015PLC310656



Form No. AOC-1

(Pursuant to first proviso of sub-section (3) of section 129 read with rule 5 of Companies
(Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associates/ joint ventures

Part A: Subsidiaries

(Information in respect of each subsidiary to be presented in amount `)

| <u>Sl. No.</u> | <u>Particulars</u> | <u>Details</u> | | | |
|-----------------------|--|---|--|---|----------------------------------|
| 1 | Name of Subsidiary | Smartworks Tech Solutions Private Limited | Smartworks Office Services Private Limited | Smartworks Stellar Services Private Limited | Smartworks Space Pte. Ltd. |
| 2 | The date since when subsidiary was acquired | March 31, 2021 | March 31, 2021 | April 28, 2022 | March 15, 2024 |
| 3 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | April 1, 2023 to March 31, 2024 | April 1, 2023 to March 31, 2024 | April 1, 2023 to March 31, 2024 | March 15, 2024 to March 31, 2024 |
| 4 | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | N.A | N.A | N.A | SGD 1SGD=INR 61.808 |
| 5 | Share Capital | 1,00,000 | 1,00,000 | 1,00,000 | 0* |
| 6 | Reserves & Surplus | (3,64,00,236) | (2,87,452) | (47,04,871) | 0 |
| 7 | Total Assets | 16,44,06,720 | 1,28,369 | 12,91,337 | 0 |
| 8 | Total Liabilities | 20,07,06,956 | 3,15,821 | 58,96,208 | 0 |
| 9 | Investments | 0 | 0 | 0 | 0 |
| 10 | Turnover | 1,97,49,702 | 0 | 0 | 0 |
| 11 | Profit Before Taxation | (3,80,66,771) | (1,02,633) | (5,32,108) | 0 |
| 12 | Provision for taxation | (1,14,89,000) | 0 | 0 | 0 |
| 13 | Profit after taxation | (2,65,77,775) | (1,02,633) | (5,32,108) | 0 |
| 14 | Proposed dividend | 0 | 0 | 0 | 0 |
| 15 | % of shareholding | 100% | 100% | 100% | 100% |

* The Company has subscribed for 3.00 Mn Shares SGD1 each in Smartworks Space Pte. Ltd. However, the subscription money was paid after March 31, 2024.

Part B: Associates and Joint Ventures

(Information in respect of each associate and joint venture to be presented in amount `)

| Name of Associates or Joint Ventures | Name1 | Name2 | Name3 |
|---|-------|-------|-------|
| 1. Latest audited Balance Sheet Date | | | |
| 2. Date on which the Associate or Joint Venture was associated or acquired | | | |
| 3. Shares of Associate or Joint Ventures held by the company on the year end | | | |
| No. | | | |
| Amount of Investment in Associates or Joint Venture | | | |
| Extent of Holding (in percentage) | | | |
| 4. Description of how there is significant influence | | | |
| 5. Reason why the associate/joint venture is not consolidated | | | |
| 6. Net worth attributable to shareholding as per latest audited Balance Sheet | | | |
| 7. Profit or Loss for the year | | | |
| i. Considered in Consolidation | | | |
| ii. Not Considered in Consolidation | | | |

Notes: the following information shall be furnished at the end of statement:

- Names of the subsidiaries which are yet to commence operations:
M/s Smartworks Space Pte. Ltd.
- Names of the subsidiaries which have been liquidated or sold during the year- NIL

For and on behalf of Smartworks Coworking Spaces Limited

SD/-

Managing Director
Neetish Sarda
DIN: 07262894
Place: Kolkata

SD/-

Whole Time Director
Harsh Binani
DIN: 07717396
Place: Gurugram

SD/-

Chief Financial Officer
Sahil Jain
Place: Gurugram

SD/-

Company Secretary
Punam Dargar
Place: Kolkata

Date : 31st July, 2024

Annexure 'B' to the Director's Report

Details of loans, guarantees and investments made during the year ended 31st March, 2024:

| <u>Name of the entity</u> | <u>Relation</u> | <u>Amount (INR in Mn)</u> | <u>Particulars of Loans, Guarantees and Investments</u> | <u>Purpose for which the Loan, Guarantee and Investment are proposed to be utilised</u> |
|--|-------------------------|--------------------------------------|--|--|
| Smartworks Tech Solutions Private Limited* | Wholly Owned Subsidiary | 119.74 | Loan given at market rates | Business Purpose |
| Smartworks Office Services Private Limited* | Wholly Owned Subsidiary | 0.15 | Loan given at market rates | Business Purpose |
| Smartworks Stellar Services Private Limited* | Wholly Owned Subsidiary | 8.17 | Loan given at market rates | Business Purpose |
| Anchor Financing to Vendors** | Others | 242.52 | Guarantee | Anchor Financing |

* Section 186 of the Companies Act 2013 do not apply to the transactions with Wholly Owned Subsidiaries.

**Maximum amount due at any point of time during the year.

For & On behalf of the Board of Directors

SD/-

SD/-

Managing Director

Neetish Sarda

DIN:07262894

Address: 14/1, Judges Court Road
Kolkata – 700027

Date: 31st July, 2024

Place: Kolkata

Whole Time Director

Harsh Binani

DIN: 07717396

Address: 244, Westend
Marg, Saidulajab,
Kohinoor Enclave,
Saidul Azaib, Mehrauli
Delhi- 110030

Date: 31st July, 2024

Place: Gurugram

Annexure 'C' to the Director's Report

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies
(Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

The Company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during the financial year 2023-24.

2. Details of material contracts or arrangement or transactions at arm's length basis are stated below:

| <u>I</u> | | |
|----------------------|---|--|
| <u>Sl.No.</u> | <u>Particulars</u> | <u>Details</u> |
| (a) | Name of the related party & nature of relationship | Neetish Sarda Managing Director |
| (b) | Nature of contracts /arrangements /transactions | appointment to any office or place of profit in the company; |
| (c) | Duration of the contracts/ arrangements/transactions | During The Year |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Remuneration Paid; ` Rs. 1,14,39,217 |
| (e) | Date(s) of approval by the Board, if any | 22/12/2022 |
| (f) | Amount paid as advances, if any | NIL |
| <u>II</u> | | |
| <u>Sl.No.</u> | <u>Particulars</u> | <u>Details</u> |
| (a) | Name of the related party & nature of relationship | Harsh Binani Whole Time Director |
| (b) | Nature of contracts /arrangements /transactions | appointment to any office or place of profit in the company; |
| (c) | Duration of the contracts/ arrangements/transactions | During The Year |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Remuneration Paid; ` Rs. 1,16,11,072 |
| (e) | Date(s) of approval by the Board, if any | 22/12/2022 |
| (f) | Amount paid as advances, if any | NIL |

| <u>III</u> | | |
|----------------------|--|--|
| <u>Sl.No.</u> | <u>Particulars</u> | <u>Details</u> |
| (a) | Name of the related party & nature of relationship | Punam Dargar Company Secretary |
| (b) | Nature of contracts /arrangements /transactions | appointment to any office or place of profit in the company; |
| (c) | Duration of the contracts/ arrangements/transactions | During The Year |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Remuneration Paid during the year as per Employment Agreement; ` Rs. 16,43,143 |
| (e) | Date(s) of approval by the Board, if any | 19/05/2022 |
| (f) | Amount paid as advances, if any | NIL |
| <u>IV</u> | | |
| <u>Sl.No.</u> | <u>Particulars</u> | <u>Details</u> |
| (a) | Name of the related party & nature of relationship | Smart IT Services Private Limited Managing Director is the Director of this Company |
| (b) | Nature of contracts /arrangements /transactions | Equipment Rental Paid |
| (c) | Duration of the contracts/ arrangements/transactions | FY 2022-23/ Perpetual unless terminated |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Amount paid in terms of Master Lease and Financing Agreement dated 24 th October 2017 ` Rs. 8,42,069 |
| (e) | Date(s) of approval by the Board, if any | 19/05/2022 |
| (f) | Amount paid as advances, if any | NIL |
| <u>V</u> | | |
| <u>Sl.No.</u> | <u>Particulars</u> | <u>Details</u> |
| (a) | Name of the related party & nature of relationship | Vision Comptech Integrators Limited Managing Director is the Director of this Company |
| (b) | Nature of contracts /arrangements /transactions | availing or rendering of any services; |
| (c) | Duration of the contracts/ arrangements/transactions | FY 2022-23/ Perpetual unless terminated |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Lease rental expense` Rs. 10,18,39,371 |
| (e) | Date(s) of approval by the Board, if any | 19/05/2022 |
| (f) | Amount paid as advances, if any | NIL |
| <u>VI</u> | | |
| <u>Sl.No.</u> | <u>Particulars</u> | <u>Details</u> |
| (a) | Name of the related party & nature of relationship | Vision Comptech Integrators Limited Managing Director is the Director of this Company |
| (b) | Nature of contracts /arrangements /transactions | availing or rendering of any services; |
| (c) | Duration of the contracts/ arrangements/transactions | FY 2022-23/ Perpetual unless terminated |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Building Maintenance; Rs. 3,39,46,457 |
| (e) | Date(s) of approval by the Board, if any | 19/05/2022 |
| (f) | Amount paid as advances, if any | NIL |

| <u>VII</u> | | |
|----------------------|--|--|
| <u>Sl.No.</u> | <u>Particulars</u> | <u>Details</u> |
| (a) | Name of the related party & nature of relationship | Talbotforce Services Private Limited Whole Time Director is the Shareholder and Director of the Company and Spouse of Whole Time Director is Shareholder in this Company. |
| (b) | Nature of contracts /arrangements /transactions | availing or rendering of any services; |
| (c) | Duration of the contracts/ arrangements/transactions | FY 2022-23/ Perpetual unless terminated |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Income from lease rental; Rs. 10,04,416 |
| (e) | Date(s) of approval by the Board, if any | 19/05/2022 |
| (f) | Amount paid as advances, if any | NIL |
| <u>VIII</u> | | |
| <u>Sl.No.</u> | <u>Particulars</u> | <u>Details</u> |
| (a) | Name of the related party & nature of relationship | Talbotforce Services Private Limited Whole Time Director is the Shareholder and Director of the Company and Spouse of Whole Time Director is Shareholder in this Company. |
| (b) | Nature of contracts /arrangements /transactions | availing or rendering of any services; |
| (c) | Duration of the contracts/ arrangements/transactions | FY 2022-23/ Perpetual unless terminated |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Equipment Hire Charges; Rs. 43,99,064 |
| (e) | Date(s) of approval by the Board, if any | 14/03/2023 |
| (f) | Amount paid as advances, if any | NIL |
| <u>IX</u> | | |
| <u>Sl.No.</u> | <u>Particulars</u> | <u>Details</u> |
| (a) | Name of the related party & nature of relationship | Talbotforce Services Private Limited Whole Time Director is the Shareholder and Director of the Company and Spouse of Whole Time Director is Shareholder in this Company. |
| (b) | Nature of contracts /arrangements /transactions | availing or rendering of any services; |
| (c) | Duration of the contracts/ arrangements/transactions | FY 2022-23/ Perpetual unless terminated |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Housekeeping & security charges; Rs. 72,54,51,386 |
| (e) | Date(s) of approval by the Board, if any | 14/03/2023 |
| (f) | Amount paid as advances, if any | NIL |

| <u>X</u> | | |
|----------------------|---|---|
| <u>Sl.No.</u> | <u>Particulars</u> | <u>Details</u> |
| (a) | Name of the related party & nature of relationship | Smartworks Tech Solutions Private Limited Wholly owned subsidiary company. |
| (b) | Nature of contracts /arrangements /transactions | availing or rendering of any services; |
| (c) | Duration of the contracts/ arrangements/transactions | FY 2022-23/ Perpetual unless terminated |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Income from lease rental; Rs. 17,95,000 |
| (e) | Date(s) of approval by the Board, if any | N.A. |
| (f) | Amount paid as advances, if any | NIL |
| <u>XI</u> | | |
| <u>Sl.No.</u> | <u>Particulars</u> | <u>Details</u> |
| (a) | Name of the related party & nature of relationship | Smartworks Office Services Private Limited Wholly owned subsidiary company. |
| (b) | Nature of contracts /arrangements /transactions | availing or rendering of any services; |
| (c) | Duration of the contracts/ arrangements/transactions | FY 2022-23/ Perpetual unless terminated |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Income from lease rental; Rs. 70,800 |
| (e) | Date(s) of approval by the Board, if any | N.A. |
| (f) | Amount paid as advances, if any | NIL |
| <u>XII</u> | | |
| (a) | Name of the related party & nature of relationship | Talbotforce Services Private Limited Whole Time Director is the Shareholder and Director of the Company and Spouse of Whole Time Director is Shareholder in the Company. |
| (b) | Nature of contracts /arrangements /transactions | availing or rendering of any services; |
| (c) | Duration of the contracts/ arrangements/transactions | FY 2022-23/ Perpetual unless terminated |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Income from ancillary services; ` Rs. 1,05,255 |
| (e) | Date(s) of approval by the Board, if any | 19/05/2022 |
| (f) | Amount paid as advances, if any | NIL |
| <u>XIII</u> | | |
| <u>Sl.No.</u> | <u>Particulars</u> | <u>Details</u> |
| (a) | Name of the related party & nature of relationship | Smartworks Tech Solutions Private Limited Wholly Owned Subsidiary Company |
| (b) | Nature of contracts /arrangements /transactions | availing or rendering of any services; |
| (c) | Duration of the contracts/ arrangements/transactions | FY 2022-23/ Perpetual unless terminated |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Security Deposit received ` Rs. 10,000 |
| (e) | Date(s) of approval by the Board, if any | N.A. |
| (f) | Amount paid as advances, if any | NIL |

| XIV | | |
|----------------------|--|---|
| <u>Sl.No.</u> | <u>Particulars</u> | <u>Details</u> |
| (a) | Name of the related party & nature of relationship | Smartworks Tech Solutions Private Limited Wholly Owned Subsidiary Company |
| (b) | Nature of contracts /arrangements /transactions | availing or rendering of any services; |
| (c) | Duration of the contracts/ arrangements/transactions | During The Year |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Information Technology Expenses ` Rs. 32,45,945 |
| (e) | Date(s) of approval by the Board, if any | N.A. |
| (f) | Amount paid as advances, if any | NIL |
| XV | | |
| <u>Sl.No.</u> | <u>Particulars</u> | <u>Details</u> |
| (a) | Name of the related party & nature of relationship | Smart IT Services Private Limited Managing Director is the Director of the Company |
| (b) | Nature of contracts /arrangements /transactions | availing or rendering of any services; |
| (c) | Duration of the contracts/ arrangements/transactions | During The Year |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Purchase of Plant, Property and Equipment Rs. 8,72,610 |
| (e) | Date(s) of approval by the Board, if any | 19/05/2022 |
| (f) | Amount paid as advances, if any | NIL |
| XVI | | |
| <u>Sl.No.</u> | <u>Particulars</u> | <u>Details</u> |
| (a) | Name of the related party & nature of relationship | Talbotforce Services Private Limited Whole Time Director is the Shareholder and Director of the Company and Spouse of Whole Time Director is Shareholder in the Company. |
| (b) | Nature of contracts /arrangements /transactions | availing or rendering of any services; |
| (c) | Duration of the contracts/ arrangements/transactions | During The Year |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Building Maintenance Rs. 84,20,255 |
| (e) | Date(s) of approval by the Board, if any | 14/03/2023 |
| (f) | Amount paid as advances, if any | NIL |

| XVII | | |
|----------------------|--|---|
| <u>Sl.No.</u> | <u>Particulars</u> | <u>Details</u> |
| (a) | Name of the related party & nature of relationship | Talbotforce Services Private Limited Whole Time Director is the Shareholder and Director of the Company and Spouse of Whole Time Director is Shareholder in the Company. |
| (b) | Nature of contracts /arrangements /transactions | availing or rendering of any services; |
| (c) | Duration of the contracts/ arrangements/transactions | During The Year |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Information Technology Expenses ` Rs. 7,72,923 |
| (e) | Date(s) of approval by the Board, if any | 14/03/2023 |
| (f) | Amount paid as advances, if any | NIL |
| XVIII | | |
| <u>Sl.No.</u> | <u>Particulars</u> | <u>Details</u> |
| (a) | Name of the related party & nature of relationship | Talbotforce Services Private Limited Whole Time Director is the Shareholder and Director of the Company and Spouse of Whole Time Director is Shareholder in the Company. |
| (b) | Nature of contracts /arrangements /transactions | availing or rendering of any services; |
| (c) | Duration of the contracts/ arrangements/transactions | During The Year |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Purchase of Plant, Property and Equipment ` Rs. 1,19,00,889 |
| (e) | Date(s) of approval by the Board, if any | 14/03/2023 |
| (f) | Amount paid as advances, if any | NIL |
| XIX | | |
| <u>Sl.No.</u> | <u>Particulars</u> | <u>Details</u> |
| (a) | Name of the related party & nature of relationship | Smart IT Services Private Limited Managing Director is the Director of the Company |
| (b) | Nature of contracts /arrangements /transactions | availing or rendering of any services; |
| (c) | Duration of the contracts/ arrangements/transactions | FY 2022-23/ Perpetual unless terminated |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Income from lease rental ` Rs. 46,214.70 |
| (e) | Date(s) of approval by the Board, if any | 14/03/2023 |
| (f) | Amount paid as advances, if any | NIL |

| XX | | |
|---------------|--|--|
| Sl.No. | Particulars | Details |
| (a) | Name of the related party & nature of relationship | Smartworks Stellar Services Private Limited Wholly Owned Subsidiary Company |
| (b) | Nature of contracts /arrangements /transactions | availing or rendering of any services; |
| (c) | Duration of the contracts/ arrangements/transactions | FY 2022-23/ Perpetual unless terminated |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Purchase of Plant, Property and Equipment Rs. 1,36,72,380 |
| (e) | Date(s) of approval by the Board, if any | 19/05/2022 |
| (f) | Amount paid as advances, if any | NIL |

For & On behalf of the Board of Directors

SD/-

SD/-

Managing Director

Neetish Sarda

DIN:07262894

Address: 14/1, Judges Court Road
Kolkata – 700027

Date: 31st July, 2024

Place: Kolkata

Whole Time Director

Harsh Binani

DIN: 07717396

Address: 244, Westend
Marg, Saidulajab,
Kohinoor Enclave,
Saidul Azaib, Mehrauli
Delhi- 110030

Date: 31st July, 2024

Place: Gurugram

SMARTWORKS COWORKING SPACES PRIVATE LIMITED

[CIN: U74900DL2015PTC310656]

**REGD. OFFICE: UNIT NO. 305-310,
PLOT NO. 9, 10 & 11 VARDHMAN TRADE CENTRE
NEHRU PLACE, SOUTH DELHI 110019**

SECRETARIAL AUDIT REPORT

FOR THE YEAR ENDED AT

31ST MARCH, 2024

BABU LAL PATNI

COMPANY SECRETARY

51, NALINI SETT ROAD

5TH FLOOR, ROOM NO-19

KOLKATA-700007

**BABU LAL PATNI
COMPANY SECRETARY**

**51, NALINI SETT ROAD
5TH FLOOR, ROOM NO 19
KOLKATA - 700 007
TEL NO: 2259-7715/6
Email id: patnibl@yahoo.com**

FORM No MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**To,
The Members,
SMARTWORKS COWORKING SPACES PRIVATE LIMITED
CIN: U74900DL2015PTC310656
Regd. Office: UNIT NO. 305-310, PLOT NO. 9, 10 & 11
VARDHMAN TRADE CENTRE
NEHRU PLACE, SOUTH DELHI 110019**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by *Smartworks Coworking Spaces Private Limited* (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of *Smartworks Coworking Spaces Private Limited* books, papers, minutes book, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31st March, 2024, generally complied with the statutory provisions listed hereunder and also the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by *Smartworks Coworking Spaces Private Limited* ("the Company") for the financial year ended on 31st March, 2024 according to the provisions of:

- i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder
(Not applicable as the Company is a Private Limited Company);
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
- a) *The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) *The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) *The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d) * The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - e) *The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 and
 - h) *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- *(Not applicable as the Company is a private Company)*
- vi) I have been informed that no other sector/ industry specific law is applicable to the Company.
- vii). I have examined compliance with the applicable clauses of the Secretarial Standards on the Meetings of the Board of Directors, Committees and General Meetings issued by The Institute of Company Secretaries of India, with which the Company has generally complied with.

I report that during the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted. There have been no changes in the composition of the Board of Directors during the year under review.

Adequate notices is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I further report that there are adequate systems and process in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the year the Company has allotted following securities:

- i. 1322000 equity share of ₹10 (Rupees ten only) each at a price of ₹269 (Rupees two hundred sixty nine only) per share (including securities premium ₹ 259 (Rupee two hundred fifty nine only) per share) aggregating to ₹ 355618000 (Rupees Thirty Five Crore Fifty Six Lakh Eighteen Thousand only).
- ii. 1219776 Cumulative Convertible Preference Share of ₹ 10 (Rupees Ten only) each at a price of ₹269 (Rupees two hundred sixty nine only) per share (including securities premium ₹ 259 (Rupee two hundred fifty nine only) per share) aggregating to ₹ 328119744 (Rupees Thirty Two Crore Eighty One Lakh Nineteen Thousand Seven Hundred Forty Four only).

I further report that during the Audit period there are no other specific events/actions which have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc., referred to above.

Place: Kolkata

Date: 17th July, 2024

BABU LAL Digitally signed by
PATNI BABU LAL PATNI
Date: 2024.07.17
13:06:58 +05'30'

Signature:

Name of Company

Secretary in Practice: BABU LAL PATNI

FCS No : 2304

C.P. No : 1321

UDIN : F002304F000756618

PR : 1455/2021

Note:

This Report is to be read with our letter of even date which is annexed as "*Annexure A*" and forms an integral part of this Report.

**BABU LAL PATNI
COMPANY SECRETARY**

**51, NALINI SETT ROAD
5TH FLOOR, ROOM NO 19
KOLKATA - 700 007
TEL NO: 2259-7715/6
Email id:patnibl@yahoo.com**

ANNEXURE- A

**To,
The Members,
SMARTWORKS COWORKING SPACES PRIVATE LIMITED
CIN: U74900DL2015PTC310656
Regd. Office: UNIT NO. 305-310, PLOT NO. 9, 10 & 11
VARDHMAN TRADE CENTRE
NEHRU PLACE, SOUTH DELHI 110019**

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these Secretarial records based on my audit.
2. I have followed the appropriate audit practices and processes as were to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the processes and practices followed by me provide a reasonable basis of my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

BABU LAL
Signature: PATNI
Digitally signed by BABU LAL
PATNI
Date: 2024.07.17 13:20:04 +05'30'
**Name of the Company Secretary: Babu Lal Patni
FCS No. - 2304
Certificate of Practice Number-1321**

**Date: 17th July, 2024
Place: Kolkata**

FINANCIAL REPORT

INDEPENDENT AUDITOR'S REPORT

To The Members of Smartworks Coworking Spaces Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of Smartworks Coworking Spaces Private Limited ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2024, and the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flows and the Standalone Statement of Changes in Equity for the year ended on that date, and notes to the Standalone Financial Statements, including a summary of material accounting policies and other explanatory information (herein referred as "Standalone Financials Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the Director's Report, but does not include the Consolidated Financial Statements, Standalone Financial Statements and our auditor's report thereon. The Director's Report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the Standalone Financial Statements does not cover the other information and will not express any form of assurance conclusion thereon.
- In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information identified above when it becomes available is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work which we will perform, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and Those Charged with Governance for the Standalone 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 Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive loss, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management and Board of Directors 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 the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone 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 Standalone 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 Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 standalone 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 Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal financial controls 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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Loss, the Standalone Statement of Cash Flows and Standalone Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Standalone Financial Statements for the reasons stated therein.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company for the year ended March 31, 2024, section 197 of the Act related to the managerial remuneration is not applicable.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements - Refer Note 34 to the Standalone Financial Statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses Refer Note 46(vii) to the Standalone Financial Statements.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - v. The company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
 - vi. Based on our examination, which included test checks, the Company has used an accounting software(s) for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software(s). Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for

- record retention is not applicable for the financial year ended March 31, 2024.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Sd/-

Nilesh H. Lahoti
Partner
(Membership No. 130054)
UDIN:

Place: Gurugram
Date: July 19, 2024

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls with reference to Standalone Financial Statements of **Smartworks Coworking Spaces Private Limited** ("the Company") as at March 31, 2024 in conjunction with our audit of the Standalone Financial Statements of the Company as at and for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Standalone Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Standalone Financial Statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to Standalone Financial Statements.

Meaning of Internal Financial Controls With reference to Standalone Financial Statements

A company's internal financial control with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Standalone Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable

assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With reference to Standalone Financial Statements

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at March 31, 2024, based on the criteria for internal financial control with reference to Standalone Financial Statements established by the Company considering the essential components of internal control stated in the Guidance Note.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sd/-

Nilesh H. Lahoti
Partner
(Membership No. 130054)
UDIN:

Place: Gurugram
Date: July 19, 2024

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) In respect of Company's Property, Plant and Equipment, Right of Use Assets and Intangible Assets:
- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in-progress and relevant details of right of use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company, except for certain assets which due to their nature or location are not verifiable, has a program of verification of property, plant and equipment and right-of-use assets so to cover all the items once every 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment and right of use assets were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company).
- (d) The Company has not revalued any of its property, plant and equipment, right of use assets and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii)(a) The Company does not have any inventory and hence reporting under clause (ii)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the statements (comprising statements on ageing analysis of the debtors) filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters.
- (iii) The Company has granted loans, unsecured, to companies or any other parties during the year, in respect of which:
- (a) The Company has provided loans (excluding loans to employees), during the year and details of which are given below:

| Particulars | Amount in Rs. Million |
|--|------------------------------|
| A. Aggregate amount granted / provided during the year to subsidiaries | 128.06 |
| B. Balance outstanding as at balance sheet date | 187.08 |

- (b) The terms and conditions of the grant of all the above-mentioned loans, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.
- (c) The Company has granted loans which are payable on demand. During the year the Company has not demanded such loans. Having regard to the fact that the repayment of principal or payment of interest, wherever applicable, has not been demanded by the Company, in our opinion the repayments of principal amounts and receipts of interest are regular.
- (d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans provided by the Company, there is no overdue amount remaining outstanding as at the balance sheet date as the Company has not demanded such loans.
- (e) None of the loans granted by the Company have fallen due during the year as the Company has not demanded such loans.
- (f) Above mentioned loans in clause (iii)(a) granted by the Company are repayable on demand.
- (iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments, as applicable.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified for the activities of the Company by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) In respect of statutory dues:
- (a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees State Insurance, Income-tax, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities though there has been a delay in respect of remittance of Labour Welfare Fund and Provident Fund. Considering the nature of the operation of the Company, Sales Tax, duty of Custom, duty of Excise, Value Added Tax, are not applicable to the Company.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees State Insurance, Income-tax, Duty of custom, cess and other material statutory dues in arrears as at March 31, 2024 for a period of more than six months from the date they became payable.

- (b) Details of statutory dues referred to in sub-clause (a) above as on March 31, 2024 on account of disputes are given below.

| Name of Statute | Nature of Dispute | Period to which the amount relates | Forum where dispute is pending | Total Disputed amount (Rs. In million) |
|----------------------------------|--|---|---------------------------------------|--|
| Goods and Services Tax Act, 2017 | Excess ITC Claimed (Tamil Nadu GST) | 2017-18 | Commissioner appeal | CGST – Rs. 0.63 SGST – Rs. 0.63 |
| Goods and Services Tax Act, 2017 | Excess ITC Claimed (West Bengal GST) | 2017-18 | Commissioner appeal | IGST – Rs. 1.10 CGST – Rs. 14.17 SGST – Rs. 5.49 |
| Goods and Services Tax Act, 2017 | Excess ITC Claimed (Uttar Pradesh GST) | 2017-18 | Commissioner appeal | IGST – Rs. 3.22 SGST – Rs. 0.03 CGST – Rs. 0.03 |

Of the above cases, includes total amount deposited in respect of Goods and Services Tax Act, 2017 is Rs. 0.76 Mn.

- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
 - (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
 - (c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.
 - (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
 - (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
 - (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiary.
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
 - (b) The Company has made preferential allotment of shares during the year. For such allotment of shares, the Company has complied with the requirements of Section 42 and 62 of the Companies Act, 2013, and the funds raised have been, prima facie, applied by the Company during the year for the purposes for which the funds were raised. The Company has not made any preferential allotment or private placement of (fully or partly or optionally) convertible debentures during the year.
- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
 - (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
 - (B) The Company is a private company for the year ended March 31, 2024 and hence the provisions of section 177 of the Act do not apply to the Company, accordingly clause (xi) (c) of the Order is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with section 188 of the Companies Act for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards. The Company is a private company for the year ended March 31, 2024 and hence the provisions of section 177 of the Companies Act, 2013 are not applicable to the Company.
- (xiv) (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
 - (b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto March 31, 2024.
- (xv) In our opinion, during the year ended March 31, 2024, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
- (b) The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Sd/-

Nilesh H. Lahoti
Partner
(Membership No. 130054)
UDIN:

Place: Gurugram
Date: July 19, 2024

Standalone Balance Sheet as at March 31, 2024

| Particulars | Notes | As at March 31, 2024 | As at March 31, 2023 |
|--|-------|----------------------|----------------------|
| ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Property, plant and equipment | 4 | 9,636.14 | 8,291.83 |
| (b) Right-of-use assets | 5 | 24,402.60 | 28,947.10 |
| (c) Capital work-in-progress | 6 | 633.09 | 418.74 |
| (d) Intangible assets | 7 | 1.74 | 4.36 |
| (e) Intangible assets under development | 8 | 31.55 | 4.61 |
| (f) Investments in subsidiaries | 9 | 0.30 | 0.30 |
| (g) Financial assets | | | |
| (i) Investments | 10 | 112.78 | - |
| (ii) Loans | 18 | 187.08 | - |
| (iii) Other financial assets | 11 | 1,560.99 | 1,492.93 |
| (h) Deferred tax assets (net) | 12 | 1,159.88 | 995.20 |
| (i) Income tax assets (net) | 13 | 405.73 | 216.57 |
| (j) Other non-current assets | 14 | 731.57 | 652.82 |
| | | 38,863.45 | 41,024.46 |
| 2 Current assets | | | |
| (a) Financial assets | | | |
| (i) Trade receivables | 15 | 138.57 | 141.30 |
| (ii) Cash and cash equivalents | 16 | 385.93 | 1,180.35 |
| (iii) Other bank balances | 17 | 313.05 | 954.79 |
| (iv) Loans | 18 | - | 69.33 |
| (v) Other financial assets | 11 | 484.87 | 141.82 |
| (b) Other current assets | 14 | 1,309.53 | 1,203.29 |
| | | 2,631.95 | 3,690.88 |
| 1+2 TOTAL | | 41,495.40 | 44,715.34 |
| EQUITY AND LIABILITIES | | | |
| 3 Equity | | | |
| (a) Equity share capital | 19 | 790.13 | 776.91 |
| (b) Other equity | 20 | (246.25) | (447.92) |
| Total equity | | 543.88 | 328.99 |
| Liabilities | | | |
| 4 Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Lease liabilities | | 26,295.10 | 31,400.62 |
| (ii) Borrowings | 21 | 2,397.48 | 2,998.29 |
| (iii) Other financial liabilities | 24 | 2,308.80 | 1,886.50 |
| (b) Provisions | 22 | 51.43 | 43.76 |
| (c) Other non-current liabilities | 25 | 366.76 | 272.88 |
| | | 31,419.57 | 36,602.05 |
| 5 Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Lease liabilities | | 3,787.28 | 2,575.60 |
| (ii) Borrowings | 21 | 1,876.02 | 2,155.60 |
| (iii) Trade payables | | | |
| - total outstanding dues of micro enterprises and small enterprises | 23 | 20.59 | 359.10 |
| - total outstanding dues of other than micro enterprises and small enterprises | 23 | 1,195.64 | 623.19 |
| (iv) Other financial liabilities | 24 | 2,226.00 | 1,731.76 |
| (b) Provisions | 22 | 9.41 | 5.96 |
| (c) Other current liabilities | 25 | 417.01 | 333.09 |
| | | 9,531.95 | 7,784.30 |
| 3+4+5 TOTAL | | 41,495.40 | 44,715.34 |

See accompanying notes forming part of the Standalone Financial Statements (1-46)
As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm Registration Number: 117366 W/W-100018)

Sd/-

Nilesh H. Lahoti
Partner
Membership No: 130054
Place: Gurugram
Date: July 19, 2024

**For and on behalf of the Board of Directors of
Smartworks Coworking Spaces Private Limited**

Sd/-

Sd/-

Neetish Sarda
Managing Director
DIN: 07262894
Place: Gurugram
Date: July 19, 2024

Harsh Binani
Wholtime Director
DIN: 07717396
Place: Gurugram
Date: July 19, 2024

Sd/-

Sd/-

Sahil Jain
Chief Financial Officer
Place: Kolkata
Date: Julv 19. 2024

Punam Dargar
Company Secretary
Place: Kolkata
Date: Julv 19. 2024

Smartworks Coworking Spaces Private Limited

(All amounts are in millions of Indian Rupees, except per share data)

Standalone Statement of Profit and Loss for the year ended March 31, 2024

| Particulars | Notes | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|-------|--------------------------------------|--------------------------------------|
| REVENUE | | | |
| 1 Revenue from operations | 26 | 10,378.72 | 7,097.10 |
| 2 Other income | 27 | 752.60 | 331.52 |
| 3 Total revenue (1+2) | | 11,131.32 | 7,428.62 |
| EXPENSES | | | |
| (a) Operating expenses | 28 | 3,029.20 | 2,180.84 |
| (b) Employee benefits expense | 29 | 478.85 | 404.44 |
| (c) Finance costs | 30 | 3,283.18 | 2,366.64 |
| (d) Depreciation and amortisation expenses | 31 | 4,709.97 | 3,561.62 |
| (e) Other expenses | 32 | 265.53 | 264.06 |
| 4 Total expenses | | 11,766.73 | 8,777.60 |
| 5 Loss before tax (3-4) | | (635.41) | (1,348.98) |
| Tax expense/ (credit) | | | |
| (a) Current tax | 12 | - | - |
| (b) Deferred tax | 12 | (165.17) | (351.10) |
| 6 Total tax credit | | (165.17) | (351.10) |
| 7 Loss for the year (5-6) | | (470.24) | (997.88) |
| 8 Other comprehensive income/(loss) | | | |
| Items that will not be reclassified to profit or loss | | | |
| - Re-measurement of the defined benefit plans | | 1.88 | 0.36 |
| - Tax related to above item | 12 | (0.49) | (0.09) |
| Total other comprehensive income for the year (net of tax) | | 1.39 | 0.27 |
| 9 Total comprehensive loss for the year (7+8) | | (468.85) | (997.61) |
| Loss per share (face value of Rs. 10 each) | | | |
| Basic | 33 | (4.88) | (10.44) |
| Diluted | 33 | (4.88) | (10.44) |

See accompanying notes forming part of the Standalone Financial Statements (1-46)

As per our report of even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm Registration Number: 117366 W/W-100018)

Sd/-

Nilesh H. Lahoti

Partner

Membership No: 130054

Place: Gurugram

Date: July 19, 2024

**For and on behalf of the Board of Directors of
Smartworks Coworking Spaces Private Limited**

Sd/-

Sd/-

Neetish Sarda

Managing Director

DIN: 07262894

Place: Gurugram

Date: July 19, 2024

Harsh Binani

Wholtime Director

DIN: 07717396

Place: Gurugram

Date: July 19, 2024

Sd/-

Sd/-

Sahil Jain

Chief Financial Officer

Place: Kolkata

Date: July 19, 2024

Punam Dargar

Company Secretary

Place: Kolkata

Date: July 19, 2024

Smartworks Coworking Spaces Private Limited

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

Standalone Statement of Cash Flows for the year ended March 31, 2024

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Cash flows from operating activities: | | |
| Loss before tax | (635.41) | (1,348.98) |
| Adjustments for: | | |
| - Depreciation and amortization expenses | 4,709.97 | 3,561.62 |
| - Finance cost | 3,283.18 | 2,365.17 |
| - Revenue equalization reserve | (100.36) | (228.77) |
| - Interest income | (376.92) | (215.37) |
| - Liability/provision no longer required written back | (14.32) | (36.33) |
| - Gain on lease termination/reassessment | (310.86) | (68.89) |
| - Gain on fair valuation of investment in mutual fund | (4.28) | - |
| - Property, plant & equipments written off | 52.22 | 62.63 |
| - (Profit)/loss on sale of property, plant & equipment | 0.49 | (1.42) |
| - Others | 19.52 | 13.72 |
| Operating profit before working capital changes | 6,623.23 | 4,103.38 |
| Changes in working capital | | |
| - Trade receivables | (2.81) | (38.24) |
| - Trade payables | 248.26 | 534.55 |
| - Provisions | (5.34) | (0.00) |
| - Other financial and non-financial liabilities | 1,100.68 | 1,564.35 |
| - Other financial and non-financial assets | (278.40) | (845.98) |
| Cash generated from operating activities before tax | 7,685.62 | 5,318.06 |
| Income tax paid (net) | (189.16) | (25.80) |
| Net cash flow generated from operating activities | (A) 7,496.46 | 5,292.26 |
| Cash flow from investing activities | | |
| - Purchase of property plant and equipments, intangible assets and capital work-in-progress | (2,624.61) | (3,159.62) |
| - Sale of property plant and equipments (including sale and lease-back) | 31.84 | 282.61 |
| - Investment in mutual funds | (108.50) | - |
| - Investment in subsidiary | - | (0.10) |
| - Proceeds from/ (investment in) bank deposits not considered as cash and cash equivalents | 740.26 | (157.53) |
| - Loan given to subsidiaries | (128.06) | (67.73) |
| - Repayment of loan by subsidiaries | 8.89 | 3.67 |
| - Interest received (including interest from subsidiaries) | 95.54 | 56.62 |
| Net cash used in investing activities | (B) (1,984.64) | (3,042.08) |
| Cash flow from financing activities | | |
| - Proceeds from long term borrowings | 1,575.20 | 3,718.98 |
| - Repayment of long term borrowings | (1,868.45) | (1,145.01) |
| - Repayment of short term borrowings (net) | (71.25) | (267.03) |
| - Proceeds from issue of equity shares and share warrants | 355.62 | 183.96 |
| - Proceeds from issue of cumulative convertible preference shares | 328.12 | - |
| - Interest paid | (537.48) | (282.00) |
| - Interest paid on lease liabilities | (2,498.10) | (1,970.39) |
| - Other borrowing cost paid | (17.23) | (38.41) |
| - Payment of principal portion of lease liabilities | (3,038.23) | (1,905.99) |
| Net cash used in financing activities | (C) (5,771.80) | (1,705.89) |
| Net (decrease)/ increase in cash and cash equivalents | (A+B+C) (259.98) | 544.29 |
| Cash and cash equivalents at the beginning of the year | 221.56 | (322.73) |
| Cash and cash equivalents at the end of the year (refer note 16.2) | (38.42) | 221.56 |

The above Statement of Cash Flows has been prepared under the 'indirect method' as set out in Ind AS 7 'Statement of Cash Flows'.

See accompanying notes forming part of the Standalone Financial Statements (1-46)

As per our report of even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm Registration Number: 117366 W/W-100018)

Sd/-

Nilesh H. Lahoti
Partner
Membership No: 130054
Place: Gurugram
Date: July 19, 2024

**For and on behalf of the Board of Directors of
Smartworks Coworking Spaces Private Limited**

Sd/-

Neetish Sarda
Managing Director
DIN: 07262894
Place: Gurugram
Date: July 19, 2024

Sd/-

Harsh Binani
Wholetime Director
DIN: 07717396
Place: Gurugram
Date: July 19, 2024

Sd/-

Sahil Jain
Chief Financial Officer
Place: Kolkata
Date: July 19, 2024

Sd/-

Punam Dargar
Company Secretary
Place: Kolkata
Date: July 19, 2024

Smartworks Coworking Spaces Private Limited

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

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

a. Equity share capital

| Particulars | Amount |
|-----------------------------|---------------|
| As at April 1, 2022 | 771.96 |
| Issued during the year | 4.95 |
| As at March 31, 2023 | 776.91 |
| Issued during the year | 13.22 |
| As at March 31, 2024 | 790.13 |

b. Other equity

| Particulars | Instruments classified as equity (refer note 20) | Reserves and surplus | | Share application money pending allotment | Money received against share warrants | Total |
|--|--|----------------------|-------------------|---|---|-----------------|
| | | Securities premium | Retained earnings | | | |
| As at April 1, 2022 | 183.80 | 2,032.30 | (1,845.42) | - | - | 370.68 |
| Issue of share warrants convertible into equity shares | - | 176.88 | - | - | 2.13 | 179.01 |
| Loss for the year | - | - | (997.88) | - | - | (997.88) |
| Re-measurement of defined benefit plan (net of tax) | - | - | 0.27 | - | - | 0.27 |
| As at March 31, 2023 | 183.80 | 2,209.18 | (2,843.03) | - | 2.13 | (447.92) |
| Issue of equity shares | - | 342.40 | - | 0* | - | 342.40 |
| Issue of cumulative convertible preference shares | 12.20 | 315.92 | - | - | - | 328.12 |
| Loss for the year | - | - | (470.24) | - | - | (470.24) |
| Re-measurement of defined benefit plan (net of tax) | - | - | 1.39 | - | - | 1.39 |
| As at March 31, 2024 | 196.00 | 2,867.50 | (3,311.88) | 0* | 2.13 | (246.25) |

* amount less than five thousand are appearing as '0'.

See accompanying notes forming part of the Standalone Financial Statements (1-46)

As per our report of even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm Registration Number: 117366 W/W-100018)

Sd/-

Nilesh H. Lahoti

Partner

Membership No: 130054

Place: Gurugram

Date: July 19, 2024

**For and on behalf of the Board of Directors of
Smartworks Coworking Spaces Private Limited**

Sd/-

Neetish Sarda

Managing Director

DIN: 07262894

Place: Gurugram

Date: July 19, 2024

Sd/-

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DIN: 07717396

Place: Gurugram

Date: July 19, 2024

Sd/-

Sahil Jain

Chief Financial Officer

Place: Kolkata

Date: July 19, 2024

Sd/-

Punam Dargar

Company Secretary

Place: Kolkata

Date: July 19, 2024

1. CORPORATE INFORMATION

Smartworks Coworking Spaces Private Limited (CIN - U74900DL2015PTC310656) is domiciled and incorporated in India as a private limited company. The Registered office of the Company is situated at Unit No. 305-310, Plot No. 9, 10 & 11, Vardhman Trade Centre, Nehru Place, New Delhi - 110019. The Company is engaged in the business of developing and licensing fully serviced office spaces.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1. Basis of preparation and presentation

These Standalone Financial Statements ("Financial Statements") have been prepared to comply in all material respects with the Indian Accounting Standards ('Ind AS') as notified by the Ministry of Corporate Affairs ('MCA') under section 133 of the Companies Act, 2013 ('Act'), read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other accounting principles generally accepted in India.

The Financial Statements are approved for issue by the Company's Board of Directors on July 19, 2024.

The Financial Statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and Division II of Schedule III (as amended) to the Act to the extent applicable. Further, for the purpose of clarity, various items are aggregated in the Standalone Balance Sheet ('Balance Sheet'), Standalone Statement of Profit and Loss ('Statement of Profit and Loss'), Standalone Statement of Cash Flows ('Statement of Cash Flows') and Standalone Statement of Changes in Equity ('Statement of Changes in Equity'). Nonetheless, these items are disaggregated separately in the notes to the Financial Statements, where applicable or required.

All the amounts included in the Financial Statements are reported in millions of Indian Rupee ('Rupee' or '₹') and are rounded off to the nearest million, except per share data and unless stated otherwise. Further, due to rounding off, certain amounts are appearing as '0'.

The preparation of the said Financial Statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the Company's accounting policies. The areas where estimates are significant to the Financial Statements, or areas involving a higher degree of judgement or complexity, are disclosed in note 3.

The accounting policies, as set out in the following paragraphs of this note, have been consistently applied, by the Company, to all the periods presented in the said Financial Statements, except in case of adoption of any new standards and amendments during the year.

To provide more reliable and relevant information about the effect of certain items in the Balance Sheet and Statement of Profit and Loss, the Company has changed the classification of certain items.

The Financial Statements have been prepared on the accrual and going concern basis, and the historical cost convention except where the Ind AS requires a different accounting treatment.

Current versus non-current classification

The Company presents assets and liabilities based on current/ non-current classification.

Assets:

An asset is treated as current when it is:

- i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- ii) Held primarily for the purpose of trading
- iii) Expected to be realised within twelve months after the reporting period, or
- iv) 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.

Liabilities:

A liability is current when:

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

All other liabilities are classified as non-current.

Deferred tax assets and liabilities, and all other assets and liabilities which are not current (as discussed in the above paragraphs) are classified as non-current assets and liabilities.

Operating cycle:

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the rendering of service and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

Fair value measurement

Fair value is the price at the measurement date, at which an asset can be sold or a liability can be transferred, in an orderly transaction between market participants. The Company's accounting policies require, measurement of certain financial instruments at fair values (either on a recurring or non-recurring basis).

The Company is required to classify the fair valuation method of the financial assets and liabilities, either measured or disclosed at fair value in the Financial Statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement). Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.2. Amendments to Ind AS

2.2.1 New amendments adopted during the year

MCA vide notification no. G.S.R. 242(E) dated March 23, 2023 has issued the Companies (Indian Accounting Standards) Amendment Rules, 2023 which amends following Ind AS (as applicable to the Company):

- Ind AS 107, Financial Instruments: Disclosures
- Ind AS 109, Financial Instruments
- Ind AS 115, Revenue from Contracts with Customers
- Ind AS 1, Presentation of Financial Statements
- Ind AS 12, Income Taxes
- Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors

The amendments are applicable for annual periods beginning on or after April 1, 2023, however, these do not have material impact on the Financial Statements of the Company.

2.2.2 Amendments to Ind AS issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

2.3. Functional and presentation currency

The Financial Statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

2.4. Use of estimates and judgement

The preparation of Financial Statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. (refer note 3)

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

2.5 Revenue recognition

2.5.1. Operating revenue

Revenue from operation includes rental revenue for use of co-working space and related ancillary services.

Revenue from leased out co-working space under an operating lease is recognized on a straight line basis over the non- cancellable period ('Lease Term for Revenue'), except where there is an uncertainty of ultimate collection. After Lease Term for Revenue or where there is no non-cancellable period, rental revenue is recognized as and when services are rendered on a monthly basis as per the contractual terms prescribed under agreement entered with customers. Initial direct costs, such as commissions, incurred by the Company in negotiating and arranging a lease are deferred and allocated to income over the Lease Term for Revenue, which has been presented as 'Prepayments' in Balance Sheet.

Revenue from contracts with customers for ancillary services (such as meeting room charges, one-time setup costs, parking charges, internet fees, electricity charges, etc.) is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Unbilled revenue represents revenues recognized after the last invoice raised to customer to the period end. These are billed in subsequent periods based on the prices specified in the agreement with the customers. The Company presents service revenue net of indirect taxes in its Standalone Statement of Profit and Loss.

2.5.2. Other income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

On disposal of an investment, the difference between the carrying amount and the disposal proceeds, net of expenses, is recognized in the Standalone Statement of Profit and Loss.

2.6 Leases

2.6.1 Company as a lessee

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. 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.

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 over the term of the lease.

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. Depreciation is computed using the straight-line method from the commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is shorter. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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 that commensurate with the lease term (refer note 3.1.1). Subsequently, lease liabilities are measured at amortized cost using the effective interest method and remeasured to reflect any reassessment of options or lease modifications, or to reflect changes in lease payments, with a corresponding adjustment to the ROU asset or Statement of Profit and Loss if the ROU asset has been reduced to zero.

Asset retirement obligation is determined at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular right-of-use asset on initial recognition.

2.6.2 Company as a lessor

Refer Note 2.5.1

2.7 Foreign currency transactions and balances

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

2.8 Employee benefits

Company's employee benefit mainly includes wages, salaries, bonuses, defined contribution absences and defined benefit plans. The employee benefits are recognised in the year in which the associated services are rendered by the Company employees. Short term employee benefits are recognised in Statement of Profit and Loss at undiscounted amounts during the period in which the related services are rendered.

2.8.1 Short-term benefits

Liabilities for salaries, including non-monetary benefits (such as compensated absences) 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.

2.8.2 Long term benefits

Compensated absences

Compensated absences in form of earned leave 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. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

2.8.3 Post-employment obligations

Defined benefit plans

The Company has defined benefit plan namely gratuity. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the standalone statement of changes in equity and in the standalone balance sheet.

The defined benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Defined contribution plans

The Company has defined contribution plans for post-employment benefit namely the provident fund and employee state insurance scheme. The Company's contribution thereto is charged to the statement of profit and loss every year. The Company has no further obligations under these plans beyond its periodic contributions.

2.9 Finance costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

2.10 Taxation

Income tax expense represents the sum of the current tax and deferred tax.

2.10.1 Current tax

The current tax is based on taxable profit for the year. Taxable profit differs from 'Profit Before Tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates applicable for the respective period.

2.10.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and their tax bases. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and incurred tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

2.10.3 Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

2.11 Property, plant and equipment ('PPE')

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Cost comprises of the purchase price including freight and non-refundable taxes, and directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management.

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use (refer note 2.9)

Cost incurred for expected fit-out period is capitalised as part of leasehold improvement, as this cost is attributable to bring the asset in necessary condition for its intended use. (refer note 3.1.2)

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

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

2.11.1 Depreciation method, estimated useful lives and residual value

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Residual value is estimated to be five percent of total cost of asset, except for certain leasehold improvement and electrical equipment classes of assets where it is estimated to be nil.

Depreciation on property, plant and equipment is computed using the straight-line method over the estimated useful lives. The management basis its past experience and technical assessment has estimated the useful lives, which is at variance with the life prescribed in Part C of Schedule II to the Act and has accordingly, depreciated the assets over such useful lives. The Company has established the estimated range of useful lives for different categories of property, plant and equipment as follows :

| <u>Categories</u> | <u>Useful life (in years)</u> |
|--|--|
| Leasehold improvement | Lease term or 10 years, whichever is less |
| Electrical installations and equipment | 10 |
| Plant and equipment | 15 |
| Furniture and fixtures | 3-10 |
| Vehicles | 8-10 |
| Computer and data processing unit | 3-6 |
| Office equipment | 3-10 |

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at least as at each financial year end so as to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives, residual values and / or depreciation method are accounted prospectively, and accordingly the depreciation is calculated over the PPE's remaining revised useful life.

2.11.2 Derecognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains / (losses).

2.11.3 Capital work in progress

Capital work in progress is stated at cost less impairment losses. Such expenditure includes the cost of materials and goods purchased or acquired with the intention of creating any capital asset and the project site and cost incurred for expected fit-out period which is attributed to the PPE.

2.12 Intangible assets

2.12.1 Initial measurement

Software (both purchased and internally generated) which is not an integral part of related hardware, is treated as intangible asset and stated at cost on initial recognition and subsequently measured at cost less accumulated amortization and accumulated impairment loss, if any.

2.12.2 Internally-generated intangible assets

Expenditure on research activities for internally generated intangible assets is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure on direct salary incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

2.12.3 Subsequent measurement

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the cost incurred will flow to the Company and the cost of the item can be measured reliably. All other expenditure is recognized in the Statement of Profit and Loss.

2.12.4 Derecognition policy

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

2.12.5 Amortisation method and periods

Intangible assets i.e. software are amortised on a straight line basis over its estimated useful life i.e. 3 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.13 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.14 Provisions and contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Asset retirement obligations (ARO) are provided for those operating lease arrangements where the Company has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease.

Asset retirement obligation are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted using incremental borrowing rate that reflects the risks specific to the site restoration obligation. The unwinding of the discount is expensed as incurred and recognized in the Standalone Statement of Profit and Loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.15 Financial instruments

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

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

2.16 Financial assets

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

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

2.16.1 Classification of financial assets

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

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

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. Investments in debt mutual funds are measured at fair value through profit or loss as per the business model and contractual cash flow test.

2.16.2 Impairment of financial assets

The Company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for trade receivables that do not constitute a financing transaction. For other financial assets carried at amortised cost the Company assesses, on a forward looking basis, the expected credit losses associated with such assets and recognises the same in profit or loss.

2.16.3 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments, other than which are lien against borrowings, 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.

2.16.4 Derecognition of financial assets

The Company derecognises financial assets in accordance with the principles of Ind AS 109 which usually coincides receipt of payment or write off of the financial asset.

2.17 Financial liabilities and equity instruments

2.17.1 Classification of debt or equity

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

2.17.2 Equity instruments

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

2.17.3 Financial liabilities

Classification : The Company classifies all financial liabilities as subsequently measured at amortised cost.

Initial recognition and measurement : 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.

Loans and borrowings : After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the Standalone Statement of Profit and Loss when the liabilities are derecognised. Amortised cost is calculated by taking into account any discount or premium on acquisition and transactions costs. The EIR amortisation is included as finance costs in the Standalone Statement of Profit and Loss.

2.17.4 Foreign exchange gains and losses

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

2.17.5 Derecognition of financial liabilities

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

2.18 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) attributable to the shareholders of the company by the weighted average number of equity shares outstanding during the year.

Equity shares which are issuable upon the satisfaction of certain conditions resulting from contractual arrangements / shareholder agreement are considered outstanding and included in the computation of basic earnings per share from the date when all necessary conditions under the contract have been satisfied as on balance sheet date.

Diluted EPS is computed by adjusting, the profit/ (loss) for the year attributable to the shareholders and the weighted average number of shares considered for deriving Basic EPS, for the effects of all the shares that could have been issued upon conversion of all dilutive potential shares. The dilutive potential shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Further, the dilutive potential shares are deemed converted as at beginning of the period, unless issued at a later date during the period.

2.19 Investments

Long-term investments (investment in subsidiaries) are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

On disposal of an investment, the difference between the carrying amount and the disposal proceeds, net of expenses, is recognised in the Standalone Statement of Profit and Loss. When disposing of a part of the holding of an individual investment, the carrying amount to be allocated to that part is to be determined on the basis of the average carrying amount of the total investment.

3 KEY SOURCES OF ESTIMATION UNCERTAINTIES AND CRITICAL JUDGEMENTS

In applying the Company's accounting policies, which are described in note 2 above, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying the Company's accounting policies

3.1.1 Lease term

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain.

The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying building and the availability of suitable alternatives. The Company has ascertained lease term as non-cancellable term.

3.1.2 Capitalisation of fit out period

Cost (depreciation on Right of Use asset, interest expense of lease liability, electricity charges, building maintenance charges, housekeeping & security charges, project and design related employee cost) for the expected fit-out period is capitalised as part of leasehold improvement, considering, this cost is attributable to bring the asset in necessary condition for its intended use. The fit out period has been determined by the management basis the historical experience and the size and complexities involved for development of property to make them available for intended use.

3.1.3 Incremental borrowing rate

The initial recognition of lease liabilities at present value requires the identification of an appropriate discount rate. The Company has determined the incremental borrowing rate based on considerations specific to the leases by taking consideration of the risk free borrowing rates as adjusted for country / company specific risk premiums (basis the readily available data points). The Company is considering fixed deposit rates as appropriate discount rates to get fair value of financials assets.

3.2 Key sources of estimation uncertainty

3.2.1 Taxes

Deferred tax assets are recognised for the unused tax losses for which there is probability of utilisation against the future taxable profit. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments (refer note 12).

3.2.2 Useful life of property, plant and equipment

As described at note 2.11.1 above, the Company reviews the estimated useful lives of PPE at the end of each reporting period. After considering market conditions, industry practice, technological developments and other factors, the Company determined that the current useful lives of its PPE remain appropriate. Uncertainties in these estimate relate to technical and economic obsolescence that may change the utility of assets.

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Standalone Financial Statements as at March 31, 2024
4. Property, plant and equipment

| Particulars | Leasehold improvement | Electrical installations/equipment | Plant and equipment | Furniture and fixtures | Vehicles | Computers and data processing units | Office equipment | Total |
|---------------------------------|-----------------------|------------------------------------|---------------------|------------------------|--------------|-------------------------------------|------------------|------------------|
| Gross carrying value | | | | | | | | |
| As at April 1, 2022 | 2,054.04 | 528.03 | 584.51 | 1,768.13 | 7.09 | 242.04 | 77.46 | 5,261.30 |
| Additions | 2,906.81 | 426.93 | 402.52 | 1,633.42 | 14.12 | 150.40 | 78.30 | 5,612.50 |
| Disposals/adjustments | (105.29) | (43.48) | (6.91) | (55.96) | - | (2.55) | (3.51) | (217.70) |
| Sale and leaseback | - | - | (79.41) | (199.47) | - | (16.62) | (5.37) | (300.87) |
| As at March 31, 2023 | 4,855.56 | 911.48 | 900.71 | 3,146.12 | 21.21 | 373.27 | 146.88 | 10,355.23 |
| Additions | 1,333.80 | 257.17 | 288.25 | 910.49 | 13.39 | 93.94 | 38.16 | 2,935.20 |
| Disposals/adjustments | (146.98) | (2.08) | (6.90) | (112.60) | - | (8.30) | (29.82) | (306.68) |
| As at March 31, 2024 | 6,042.38 | 1,166.57 | 1,182.06 | 3,944.01 | 34.60 | 458.91 | 155.22 | 12,983.75 |
| Accumulated depreciation | | | | | | | | |
| As at April 1, 2022 | 577.86 | 114.18 | 75.29 | 388.54 | 1.79 | 100.98 | 36.09 | 1,294.73 |
| Depreciation | 413.82 | 74.04 | 46.39 | 258.29 | 1.82 | 49.12 | 19.58 | 863.06 |
| Disposals/adjustments | (28.67) | (15.51) | (1.70) | (24.20) | - | (1.25) | (2.92) | (74.25) |
| Sale and leaseback | - | - | (4.85) | (12.11) | - | (2.21) | (0.97) | (20.14) |
| As at March 31, 2023 | 963.01 | 172.71 | 115.13 | 610.52 | 3.61 | 146.64 | 51.78 | 2,063.40 |
| Depreciation | 860.74 | 103.99 | 70.35 | 394.63 | 3.07 | 62.69 | 25.28 | 1,520.75 |
| Disposals/adjustments | (159.93) | (0.59) | (3.61) | (47.54) | - | (6.47) | (18.40) | (236.54) |
| As at March 31, 2024 | 1,663.82 | 276.11 | 181.87 | 957.61 | 6.68 | 202.86 | 58.66 | 3,347.61 |
| Net carrying value | | | | | | | | |
| As at March 31, 2023 | 3,892.55 | 738.77 | 785.58 | 2,535.60 | 17.60 | 226.63 | 95.10 | 8,291.83 |
| As at March 31, 2024 | 4,378.56 | 890.46 | 1,000.19 | 2,986.40 | 27.92 | 256.05 | 96.56 | 9,636.14 |

Note:
4.1. Refer note 21 for hypothecation / lien.

4.2. Refer note 34 of contractual commitment for acquisition of property, plant and equipment.

4.3. Property, plant and equipment are provided for coworking spaces to customers on lease except for vehicles and certain other assets.

4.4. The Company has capitalised borrowing cost of Rs. 26.87 million and Rs. 27.64 million during the year ended March 31, 2024 and March 31, 2023 respectively. The rate used to determine the amount of borrowing costs eligible for capitalisation is 13.75% (general borrowing) and 10.84% (general borrowing) for the year ended March 31, 2024 and March 31, 2023 respectively.

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Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Standalone Financial Statements as at March 31, 2024**5. Right-of-use assets**

| Particulars | Building | Equipment/furniture and fixtures | Total |
|---|------------------|----------------------------------|------------------|
| As at April 1, 2022 | 19,215.84 | 91.64 | 19,307.48 |
| Additions during the period | 13,208.37 | 123.66 | 13,332.03 |
| Adjustments during the period | 66.86 | - | 66.86 |
| Disposal during the year | (269.21) | - | (269.21) |
| Depreciation - capitalisation of fit out period | (795.04) | - | (795.04) |
| Depreciation for the year | (2,619.37) | (75.65) | (2,695.02) |
| As at March 31, 2023 | 28,807.45 | 139.65 | 28,947.10 |
| Additions during the period | 4,339.02 | - | 4,339.02 |
| Adjustments during the period | (4,859.13) | 15.14 | (4,843.99) |
| Disposal during the year | (316.77) | - | (316.77) |
| Depreciation - capitalisation of fit out period | (536.62) | - | (536.62) |
| Depreciation for the year | (3,166.64) | (19.50) | (3,186.14) |
| As at March 31, 2024 | 24,267.31 | 135.29 | 24,402.60 |

5.1. Building include property taken from landlords for developing co-working spaces along with guest houses and related fit-out cost.

5.2. Equipment majorly comprises of UPS and electronic/electrical equipment taken on lease.

5.3. The Company periodically reassesses the lease term for its lease arrangements. Lease reassessment involves re-evaluating any options to extend or terminate the lease considering factors such as the importance of the underlying asset to the Company's operations taking into account the location and size of the underlying building and the availability of suitable alternatives. During the year ended March 31, 2024, the Company has reassessed lease term for certain properties to non-cancellable period. Pursuant to this, Lease liabilities are remeasured to reflect change in lease term with a corresponding adjustment to the ROU asset or Statement of Profit and Loss, if the ROU asset has been reduced to zero.

5.4. Amounts recognised in profit or loss

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Expenses relating to short-term leases | 95.01 | 6.57 |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | 21.34 | 22.92 |

5.5. Total cash flow for leases

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Cash outflow included in financing activity for repayment of principal during the year | 3,038.23 | 1,905.99 |
| Cash outflow included in financing activity for repayment of interest during the year | 2,498.10 | 1,970.39 |
| Total cash outflow for lease payment | 5,536.33 | 3,876.38 |

5.6. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date

Maturity analysis:

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| Not later than one year | 6,293.39 | 5,644.68 |
| Later than one year but not later than five years | 23,473.58 | 23,786.90 |
| Later than five years | 11,168.73 | 20,318.45 |
| Total | 40,935.70 | 49,750.03 |

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Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Standalone Financial Statements as at March 31, 2024**6. Capital work-in-progress****Capital work-in-progress ageing schedule****As at March 31, 2024**

| Particulars | Amount of capital work-in-progress for a period of | | | | Total |
|----------------------|--|-----------|-----------|-------------------|--------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 633.09 | - | - | - | 633.09 |

As at March 31, 2023

| Particulars | Amount of capital work-in-progress for a period of | | | | Total |
|----------------------|--|-----------|-----------|-------------------|--------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 418.74 | - | - | - | 418.74 |

Note:

6.1. For capital-work-in-progress, there are no projects whose completion is overdue or has exceeded its cost compared to its original plan as of March 31, 2024 and March 31, 2023.

6.2. The Company has capitalised borrowing cost of Rs. 3.54 million and Rs. 3.06 million during the year ended March 31, 2024 and March 31, 2023 respectively. The rate used to determine the amount of borrowing costs eligible for capitalisation is 13.75% (general borrowing) and 10.84% (general borrowing) for the year ended March 31, 2024 and March 31, 2023 respectively.

7. Intangible assets

| Particulars | Software |
|---------------------------------|--------------|
| Gross carrying value | |
| As at April 1, 2022 | 11.30 |
| Additions | 1.92 |
| Disposals | - |
| As at March 31, 2023 | 13.22 |
| Additions | 0.46 |
| Disposals | - |
| As at March 31, 2024 | 13.68 |
| Accumulated amortisation | |
| As at April 1, 2022 | 5.32 |
| Amortisation | 3.54 |
| Disposals | - |
| As at March 31, 2023 | 8.86 |
| Amortisation | 3.08 |
| Disposals | - |
| As at March 31, 2024 | 11.94 |
| Net carrying value | |
| As at March 31, 2023 | 4.36 |
| As at March 31, 2024 | 1.74 |

Note:

7.1: Software includes accounting, business and administrative software.

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Standalone Financial Statements as at March 31, 2024**8. Intangible assets under development**

| Particulars | As at March 31, 2024 | As at 31st March, 2023 |
|-----------------------------|----------------------|------------------------|
| Opening balance | 4.61 | - |
| Additions during the year | 26.94 | 4.61 |
| Capitalised during the year | - | - |
| Closing balance | 31.55 | 4.61 |

Note.**8.1 Intangible assets under development ageing schedule****As at March 31, 2024**

| Particulars | Amount in intangible assets under development for a period of | | | | Total |
|----------------------|---|-----------|-----------|-------------------|-------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 26.94 | 4.61 | - | - | 31.55 |

As at March 31, 2023

| Particulars | Amount in intangible assets under development for a period of | | | | Total |
|----------------------|---|-----------|-----------|-------------------|-------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 4.61 | - | - | - | 4.61 |

8.2 Intangible assets under development completion schedule

For Intangible assets under development, there are no projects whose completion is overdue or has exceeded its cost compared to its original plan as of March 31, 2024 and March 31, 2023.

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Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Standalone Financial Statements as at March 31, 2024
9. Investments in subsidiaries

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| <u>At cost</u> | | |
| In equity shares of subsidiary companies (refer note 9.1) | 0.30 | 0.30 |
| Total | 0.30 | 0.30 |

Note:
9.1 Detail of investments in subsidiaries are as below

| Name of the subsidiaries | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| Smartworks Tech Solutions Private Limited (Formerly known as: Smartworks Coliving Private Limited);: (unquoted) 10,000 (March 31, 2023 - 10,000) equity shares of Rs 10 each | 0.10 | 0.10 |
| Smartworks Office Services Private Limited: (unquoted) 10,000 (March 31, 2023-10,000) equity shares of Rs 10 each | 0.10 | 0.10 |
| Smartworks Stellar Services Private Limited: (unquoted) 10,000 (March 31, 2023-10,000) equity shares of Rs 10 each | 0.10 | 0.10 |
| Smartworks Space Pte. Ltd. (refer note 9.2) | Refer note 44 (ii) | - |

| Name of the subsidiaries | % shareholding As at March 31, 2024 | % shareholding As at March 31, 2023 |
|--|--|--|
| Smartworks Tech Solutions Private Limited (Formerly known as: Smartworks Coliving Private Limited) | 100.00% | 100.00% |
| Smartworks Office Services Private Limited | 100.00% | 100.00% |
| Smartworks Stellar Services Private Limited | 100.00% | 100.00% |
| Smartworks Space Pte. Ltd. | Refer note 44 (ii) | - |

| Name of the subsidiaries | Principal place of business | Principal activity |
|--|--------------------------------|------------------------------|
| Smartworks Tech Solutions Private Limited (Formerly known as: Smartworks Coliving Private Limited) | India | Software Development |
| Smartworks Office Services Private Limited | India | Facility management services |
| Smartworks Stellar Services Private Limited | India | Coworking space provider |
| Smartworks Space Pte. Ltd. | Singapore | Coworking space provider |

9.2. The Company has incorporated a new subsidiary in Singapore, i.e. Smartworks Space Pte. Ltd. (SSPL), on March 15, 2024. SSPL did not have any paid-up capital as at March 31, 2024. On May 24, 2024, SSPL has allotted 3 million shares (face value: SGD 1) for consideration of SGD 3 million to the Company. SSPL has not entered into any financial transaction during the year ended March 31, 2024.

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10. Investments

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| At fair value through profit and loss (FVTPL) | | |
| In mutual funds (Quoted): | | |
| ABSL floating rate fund (49,078.10 Units) | 15.87 | - |
| ABSL corporate bond fund (128,115.28 Units) | 13.23 | - |
| ABSL government securities fund (135,016.90 Units) | 10.67 | - |
| ICICI prudential short term fund (796,763.49 Units) | 43.37 | - |
| SBI short term debt fund (1,020,132.87 Units) | 29.64 | - |
| Total | 112.78 | - |
| Aggregate carrying amount of quoted investments | 112.78 | - |
| Aggregate market value of quoted investments | 112.78 | - |

Note:

10.1 It includes lien of Rs. 108.50 million (March 31, 2023 - Rs. Nil).

11. Other financial assets

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| Non-current | | |
| Security deposits (refer note 11.2) | 1,424.30 | 1,257.72 |
| Bank deposits with more than 12 months maturity (refer note 11.1) | 136.69 | 235.21 |
| Total | 1,560.99 | 1,492.93 |
| Current | | |
| Security deposits (refer note 11.3) | 422.57 | 63.35 |
| Interest accrued on bank deposits | 37.15 | 40.99 |
| Unbilled revenue | 25.15 | 34.89 |
| Other receivable | - | 2.59 |
| | 484.87 | 141.82 |
| GST recoverable from customer | 4.62 | 4.62 |
| Allowance for recoverable | (4.62) | (4.62) |
| | - | - |
| Total | 484.87 | 141.82 |

Note:

11.1 It includes deposits against lien/bank guarantee of Rs. 136.69 million (March 31, 2023 - Rs. 235.10 million).

11.2 It includes cash collateral, in relation to borrowings, amounting to Rs. 7.5 million (March 31, 2023 - Rs. Nil).

11.3 It includes cash collateral, in relation to borrowings, amounting to Rs. 7.5 million (March 31, 2023 - Rs. Nil).

11.4 Refer note 37 for unbilled revenue and security deposits from related parties.

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Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Standalone Financial Statements as at March 31, 2024
12. Income tax
The major components of income tax expense / (credit) are:

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Current income tax | | |
| - For the year | - | - |
| - For previous periods | - | - |
| Deferred tax | | |
| - Origination and reversal of temporary difference | (165.17) | (351.10) |
| Income tax expense / (credit) | (165.17) | (351.10) |

The reconciliation between the amount computed by applying the statutory income rates to the profit before tax and income tax expense is summarised below:

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Loss before tax | (635.41) | (1,348.98) |
| Enacted tax rates in India | 26.00% | 26.00% |
| Tax expense / (credit) | (165.21) | (350.73) |
| Effect of: | | |
| Adjustment in respect to previous years | - | - |
| Income / expense not taxable / deductible | 0.04 | (0.37) |
| Income tax expense / (credit) | (165.17) | (351.10) |

The analysis of deferred tax assets / liabilities is as follows:

| Particulars | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Closing balance |
|--|-----------------|---------------------------------|---|-----------------|
| As at March 31, 2024 | | | | |
| Deferred tax asset | | | | |
| Allowance for impairment of financial assets | 2.87 | 0.87 | - | 3.74 |
| Carry forward tax losses | 358.38 | 24.68 | - | 383.06 |
| Provision for employee benefits | 7.60 | 2.23 | (0.49) | 9.34 |
| Depreciation / amortisation on PPE / intangible assets | 12.84 | 54.46 | - | 67.30 |
| Provisions for asset retirement obligations | 5.09 | 1.13 | - | 6.22 |
| Provisions for contingencies and advances to vendors | 1.91 | 1.39 | - | 3.30 |
| Expenses allowed on payment basis | 3.57 | (3.57) | - | - |
| Financial instruments measured at amortised cost | - | 5.59 | - | 5.59 |
| Right of use asset and lease liabilities | 714.77 | 98.72 | - | 813.49 |
| | 1,107.03 | 185.50 | (0.49) | 1,292.04 |
| Deferred tax liability | | | | |
| Financial instruments measured at amortised cost | 5.77 | (5.77) | - | - |
| Revenue equalisation reserve | 106.06 | 26.10 | - | 132.16 |
| | 111.83 | 20.33 | - | 132.16 |
| Deferred tax asset (net) | 995.20 | 165.17 | (0.49) | 1,159.88 |

| Particulars | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Closing balance |
|--|-----------------|---------------------------------|---|-----------------|
| As at March 31, 2023 | | | | |
| Deferred tax asset | | | | |
| Allowance for impairment of financial assets | 5.71 | (2.84) | - | 2.87 |
| Carry forward tax losses | 236.93 | 121.45 | - | 358.38 |
| Provision for employee benefits | 5.11 | 2.58 | (0.09) | 7.60 |
| Depreciation / amortisation on PPE / intangible assets | 0.53 | 12.31 | - | 12.84 |
| Provisions for asset retirement obligations | 2.79 | 2.30 | - | 5.09 |
| Provisions for contingencies and advances to vendors | 1.01 | 0.90 | - | 1.91 |
| Expenses allowed on payment basis | - | 3.57 | - | 3.57 |
| Right of use asset and lease liabilities | 444.85 | 269.92 | - | 714.77 |
| | 696.93 | 410.19 | (0.09) | 1,107.03 |
| Deferred tax liability | | | | |
| Financial instruments measured at amortised cost | 6.15 | (0.38) | - | 5.77 |
| Revenue equalisation reserve | 46.59 | 59.47 | - | 106.06 |
| | 52.74 | 59.09 | - | 111.83 |
| Deferred tax asset (net) | 644.19 | 351.10 | (0.09) | 995.20 |

In line with accounting policy of the Company, deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward tax losses can be utilised and deferred tax asset (net) has been recognised only to the extent of reasonable certainty of available tax profits in future. The Company has considered committed revenues and letter of intents from customers up to the date of signing of financial statements and maintaining/increasing an overall occupancy for future periods based on historical trends in making its projected future taxable profits for the purpose of evaluating recognition of deferred tax.

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Standalone Financial Statements as at March 31, 2024
13. Income tax assets

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| Non-current | | |
| Advance income tax (net of current tax provision- Nil (March 31, 2023: Nil)) | 405.73 | 216.57 |
| Total | 405.73 | 216.57 |

14. Other assets

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| Non-current | | |
| Prepayments (refer note 14.1 below) | 330.25 | 294.43 |
| Revenue equalisation reserve (refer note 14.2 below) | 286.59 | 274.34 |
| Balance with government authorities | 31.53 | 18.37 |
| Capital advances (net of allowance Rs. 8.86 million (March 31, 2023 - Rs. 5.21 million)) | 83.20 | 65.68 |
| Total | 731.57 | 652.82 |
| Current | | |
| Balance with government authorities | 658.86 | 662.64 |
| Prepayments (refer note 14.1 below) | 375.64 | 330.37 |
| Receivable from landlord | - | 3.54 |
| Revenue equalisation reserve (refer note 14.2 below) | 221.71 | 133.60 |
| Advance to suppliers (net of allowance Rs. 2.86 million (March 31, 2023 - Rs. 1.22 million)) | 46.82 | 17.31 |
| Other receivables | 6.50 | 55.83 |
| Total | 1,309.53 | 1,203.29 |

Note:

14.1. Prepayment includes the initial direct cost for obtaining lessee for operating lease. The movement of such initial direct cost is as follows:

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|------------------------|--------------------------------------|--------------------------------------|
| Opening balance | 559.75 | 317.70 |
| Additions | 366.93 | 398.25 |
| Amortisation | (265.59) | (156.20) |
| Closing balance | 661.09 | 559.75 |

14.2. Operating lease arrangements (as a lessor)

Operating leases, in which the Company is the lessor, relate to co-working space given by the company on lease with lease term (i.e. non cancellable period) between 0-5 years, with a mutual extension option.

The Company enters into arrangements with customers for providing co-working spaces wherein the right to use the assets is given. However, as the title to the assets and the significant risks associated with the operation and maintenance of these assets remains with the Company, such arrangements are recognised as operating lease. The contracted price is recognised as revenue during the tenure of the agreement on a straight line basis.

Maturity analysis of operating lease receipts:

The following table sets out a maturity analysis of lease receipts, showing the undiscounted lease receipts to be received after the reporting date:

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---------------------|----------------------|----------------------|
| -Year 1 | 8,201.05 | 6,841.72 |
| -Year 2 | 4,864.52 | 4,790.90 |
| -Year 3 | 1,965.11 | 2,257.71 |
| -Year 4 | 543.00 | 551.06 |
| -Year 5 and onwards | 131.04 | 106.52 |

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Standalone Financial Statements as at March 31, 2024
15. Trade receivables

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| Current | | |
| Considered good, secured | 132.09 | 134.76 |
| Considered good, unsecured | 6.48 | 6.54 |
| Credit impaired | 9.74 | 6.41 |
| | 148.31 | 147.71 |
| Less: Allowance for doubtful receivables | (9.74) | (6.41) |
| Total | 138.57 | 141.30 |

- Notes:**
- 15.1** The average credit period is 7 days.
- 15.2** The customers pays security deposits which can be used for any non-payments during the contract period. Trade receivables are secured with the corresponding deposits received from customers.
- 15.3** Refer note 37 for trade receivables from related parties.

The movement of allowances of doubtful debts is as follows:

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|-----------------------------|--------------------------------------|--------------------------------------|
| Opening balance | 6.41 | 4.45 |
| Additions | 5.54 | 1.96 |
| Write off (net of recovery) | (2.21) | - |
| Closing balance | 9.74 | 6.41 |

Trade receivables ageing
As at March 31, 2024

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---------|--|---------------------|-----------|-----------|----------------------|---------------|
| | | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed trade receivables - considered good | 5.83 | 83.30 | 2.81 | 9.13 | 1.07 | 0.52 | 102.66 |
| (ii) Undisputed trade receivables - credit impaired | 0.01 | 3.61 | 2.93 | 0.81 | 0.19 | 0.15 | 7.70 |
| (iii) Disputed trade receivables - considered good | - | 3.36 | 3.13 | 0.50 | 28.91 | 0.01 | 35.91 |
| (iv) Disputed trade receivables - credit impaired | - | 0.01 | - | 0.56 | 0.17 | 1.30 | 2.04 |
| Less: Allowances for doubtful receivables | | | | | | | (9.74) |
| Total trade receivables | | | | | | | 138.57 |

As at March 31, 2023

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---------|--|---------------------|-----------|-----------|----------------------|---------------|
| | | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed trade receivables - considered good | 31.95 | 54.07 | 7.95 | 4.47 | 1.13 | 0.31 | 99.88 |
| (ii) Undisputed trade receivables - credit impaired | 0.25 | 0.25 | 0.87 | 0.39 | 0.88 | 1.75 | 4.39 |
| (iii) Disputed trade receivables - considered good | - | 0.50 | 11.17 | 21.50 | 8.25 | - | 41.42 |
| (iv) Disputed trade receivables - credit impaired | - | - | 0.55 | 0.10 | 0.97 | 0.40 | 2.02 |
| Less: Allowances for doubtful receivables | | | | | | | (6.41) |
| Total trade receivables | | | | | | | 141.30 |

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Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Standalone Financial Statements as at March 31, 2024
16. Cash and cash equivalents

For the purpose of standalone statement of cashflows, cash and cash equivalents includes cash on hand and balance with banks in current accounts and deposits.

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| Balance with banks: | | |
| - in current accounts | 338.44 | 337.00 |
| - in escrow account (refer note 16.1) | 47.48 | 43.34 |
| - in fixed deposits (with original maturity of 3 months or less) | - | 800.00 |
| Cash in hand | 0.01 | 0.01 |
| Total | 385.93 | 1,180.35 |

Notes:
16.1. Restricted cash in escrow account

The balances primarily include restricted bank balances, received from specified customers, for repayments of monthly instalments of specified bank loans.

16.2. For the purpose of Standalone Statement of Cash Flows. Cash and cash equivalents (C&CE) comprise of following:

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---------------------------|----------------------|----------------------|
| C&CE as per balance sheet | 385.93 | 1,180.35 |
| Bank overdraft | (424.35) | (958.79) |
| Total | (38.42) | 221.56 |

17. Other bank balances

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| Bank deposits with original maturity more than 3 months (refer note 17.1) | 313.05 | 954.47 |
| Wallet balances | - | 0.32 |
| Total | 313.05 | 954.79 |

Note:

17.1 It pertains to deposits against lien of Rs. 313.05 million (March 31, 2023 - Rs. 954.47 million).

18. Loans

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| Non current | | |
| Loans to related parties (refer note 37) | 187.08 | - |
| | 187.08 | - |
| Current | | |
| Loans to related parties (refer note 37) | - | 69.33 |
| Total | - | 69.33 |

| Particulars | Agreement Date | Repayment/ Maturity date | Interest per annum | As at March 31, 2024 | As at March 31, 2023 |
|--|-----------------|--------------------------|--------------------|----------------------|----------------------|
| Smartworks Tech Solutions Private Limited (Formerly known as: Smartworks Coliving Private Limited) | October 1, 2023 | September 30, 2026 | 11% | 181.50 | 69.18 |
| Smartworks Office Services Private Limited | October 1, 2023 | September 30, 2026 | 11% | 0.30 | 0.15 |
| Smartworks Stellar Services Private Limited | October 1, 2023 | September 30, 2026 | 11% | 5.28 | - |

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Notes forming part of the Standalone Financial Statements as at March 31, 2024

19. Share capital

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|--|--------------------------|-----------------|--------------------------|-----------------|
| | Number of shares ('000') | (₹ in millions) | Number of shares ('000') | (₹ in millions) |
| Authorised Share capital | | | | |
| Equity shares of Rs. 10 each with voting rights | 1,00,000 | 1,000.00 | 1,00,000 | 1,000.00 |
| Cumulative convertible preference shares of Rs. 10 each with voting rights | 20,000 | 200.00 | 20,000 | 200.00 |
| Total | 1,20,000 | 1,200.00 | 1,20,000 | 1,200.00 |
| Issued, subscribed and fully paid-up Equity share capital | | | | |
| Equity shares of Rs. 10 each with voting rights | 79,013 | 790.13 | 77,691 | 776.91 |
| Total | 79,013 | 790.13 | 77,691 | 776.91 |

Notes:

19.1. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year:

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|--------------------------|-----------------|--------------------------|-----------------|
| | Number of shares ('000') | (₹ in millions) | Number of shares ('000') | (₹ in millions) |
| Equity shares with voting rights | | | | |
| At the beginning of the year | 77,691 | 776.91 | 77,196 | 771.96 |
| Changes in equity share capital during the year | 1,322 | 13.22 | 495 | 4.95 |
| Outstanding at the end of the year | 79,013 | 790.13 | 77,691 | 776.91 |

19.2. Details of equity shares held by each shareholder holding more than 5% shares:

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | Number of shares ('000') | % holding (Pre dilution) | Number of shares ('000') | % holding (Pre dilution) |
| Equity shares with voting rights | | | | |
| NS Niketan LLP, India | 43,770 | 55.396% | 43,300 | 55.734% |
| SNS Infrarealty LLP, India | 27,585 | 34.912% | 27,585 | 35.506% |
| Mahima Stocks Private Limited, India | 4,269 | 5.402% | 4,269 | 5.494% |

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|--------------------------|---------------------------|--------------------------|---------------------------|
| | Number of shares ('000') | % holding (Post dilution) | Number of shares ('000') | % holding (Post dilution) |
| Equity shares with voting rights | | | | |
| NS Niketan LLP, India | 43,770 | 44.007% | 43,300 | 44.676% |
| SNS Infrarealty LLP, India | 27,585 | 27.734% | 27,585 | 28.461% |
| Mahima Stocks Private Limited, India | 4,269 | 4.292% | 4,269 | 4.404% |
| Cumulative convertible preference shares with voting rights | | | | |
| Space Solutions India Pte Ltd. (formerly known as Lisbrine Pte. Ltd.) | 19,600 | 19.706% | 18,380 | 18.964% |

19.3. Rights attached to equity shares:

The Company has only one class of equity shares having face value of Rs. 10 each. The holder of the equity share is entitled to dividend right and voting right in the same proportion as the capital paid-up on such equity share bears to the total paid-up equity share capital of the Company. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

19.4. Shareholding of promoters

Shares held by promoters as at March 31, 2024 (refer note 19.4.1) :

| Sl. No | Particulars | Number of shares ('000') | % holding (Pre dilution) | % change during the year |
|--------|----------------------------|--------------------------|--------------------------|--------------------------|
| 1 | NS Niketan LLP, India | 43,770 | 55.396% | -0.338% |
| 2 | SNS Infrarealty LLP, India | 27,585 | 34.912% | -0.594% |
| 3 | Neetish Sarda, India | 3 | 0.004% | 0.000% |
| 4 | Saumya Binani, India | 3 | 0.004% | 0.000% |

| Sl. No | Particulars | Number of shares ('000') | % holding (Post dilution) | % change during the year |
|--------|----------------------------|--------------------------|---------------------------|--------------------------|
| 1 | NS Niketan LLP, India | 43,770 | 44.007% | -0.669% |
| 2 | SNS Infrarealty LLP, India | 27,585 | 27.734% | -0.727% |
| 3 | Neetish Sarda, India | 3 | 0.003% | 0.000% |
| 4 | Saumya Binani, India | 3 | 0.003% | 0.000% |

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Standalone Financial Statements as at March 31, 2024
Shares held by promoters as at March 31, 2023:

| Sl. No | Particulars | Number of shares ('000') | % holding (Pre dilution) | % change during the year |
|--------|--|--------------------------|--------------------------|--------------------------|
| 1 | NS Niketan LLP, India | 43,300 | 55.734% | -0.357% |
| 2 | SNS Infrearealty LLP, India | 27,585 | 35.506% | -0.222% |
| 3 | Vision Comptech Integrators Limited, India | 1 | 0.001% | 0.000% |
| 4 | Neeta Sarda, India | 2 | 0.003% | 0.000% |
| 5 | Neetish Sarda, India | 3 | 0.004% | 0.000% |
| 6 | Saumya Binani, India | 3 | 0.004% | 0.000% |

| Sl. No | Particulars | Number of shares ('000') | % holding (Post dilution) | % change during the year |
|--------|--|--------------------------|---------------------------|--------------------------|
| 1 | NS Niketan LLP, India | 43,300 | 44.676% | -0.628% |
| 2 | SNS Infrearealty LLP, India | 27,585 | 28.461% | -0.397% |
| 3 | Vision Comptech Integrators Limited, India | 1 | 0.001% | 0.000% |
| 4 | Neeta Sarda, India | 2 | 0.002% | 0.000% |
| 5 | Neetish Sarda, India | 3 | 0.003% | 0.000% |
| 6 | Saumya Binani, India | 3 | 0.003% | 0.000% |

19.4.1 Shareholding as on March 31, 2024 is based on list of promoters identified/classified pursuant to board resolution dated March 26, 2024.

19.5 During the year ended March 31, 2024, the Company has allotted 1,322,000 equity shares under private placement on preferential basis having face value Rs. 10 each equity share, issued at a price of Rs. 269 per equity share (including share premium of Rs. 259/- each equity share), ranking pari passu with existing equity shares.

19.6. Subsequent to year ended March 31, 2024, the authorised share capital of the Company has increased. Refer note 45 (iii) for details.

20. Other equity

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---------------------------------------|----------------------|----------------------|
| Securities premium | 2,867.50 | 2,209.18 |
| Instruments classified as equity | 196.00 | 183.80 |
| Money received against share warrants | 2.13 | 2.13 |
| Retained earnings | (3,311.88) | (2,843.03) |
| | (246.25) | (447.92) |

20.1. Securities premium

Securities premium is used to record the premium on issue of shares. The reserves are utilised in accordance with provisions of The Companies Act.

20.2. Instruments classified as equity

20.2.1 The Company has issued 18,379,915 cumulative convertible preference share ("CCPS") having a face value of Rs. 10 each on October 23, 2019 with reference to the investment agreement with Space Solutions India Pte Ltd (Formerly known as Lisbrine PTE. LTD.) dated October 4, 2019. Preference shareholder is entitled to receive dividend subject to recommendation of Board of Directors and approval of equity shareholders. These CCPS carry one vote per share in terms of the agreement.

The shareholder shall be entitled to receive a cumulative fixed preferential dividend per annum for each cumulative convertible preference shares held based on the following coupon rate:

- 0.01% of the Initial Subscription Price per share on the first anniversary;
- 0.50% of the Initial Subscription Price per share on the second anniversary;
- 1.00% of the Initial Subscription Price per share on the third anniversary;
- 2.00% of the Initial Subscription Price per share on the fourth anniversary;
- 4.00% of the Initial Subscription Price per share on fifth anniversary and every anniversary thereafter until conversion of the cumulative convertible preference shares to ordinary shares in the Company.

At any time up to 20 years from the date of the agreement, the preference shareholder shall have the right, at its option and sole and absolute discretion, to convert all or part of its cumulative convertible preference shares then outstanding into ordinary shares.

All the cumulative convertible preference shares then outstanding shall be converted into ordinary shares at a minimum ratio of 1 cumulative convertible preference share to 1 ordinary share conversion rate immediately:

- prior to the consummation of a Qualified Event or
- in the event there is a binding offer for a purchase of all of the Shares of the Company and such offer meets the yield threshold.

Each cumulative convertible preference share, subject to conversion, shall be converted into such number of fully paid ordinary shares as is determined by dividing the initial subscription price per share (as appropriately adjusted for any subdivisions, consolidations, share dividends or similar recapitalisations) by the then applicable conversion price per cumulative convertible preference share and no additional consideration shall be payable upon such conversion.

As these cumulative convertible preference shares are perpetual in nature and ranked senior only to the equity share capital of the Company and the Company does not have any redemption obligation i.e. these instruments have to be converted into equity share of the Company, thus these shares are considered as equity instruments.

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Notes forming part of the Standalone Financial Statements as at March 31, 2024

20.2.2 On March 30, 2024, the Company has further issued 1,219,776 Class A cumulative convertible preference share having a face value of Rs. 10 each with reference to the investment agreement with Space Solutions India Pte Ltd (Formerly known as Lisbrine PTE. LTD.) dated March 27, 2024. Preference shareholder is entitled to receive dividend subject to recommendation of Board of Directors and approval of equity shareholders. These CCPS carry one vote per share in terms of the agreement.

Terms of issue of this cumulative convertible preference shares are :-

1. The Company shall not declare or pay any dividends to holders of Ordinary Shares until all the Class A Convertible Preference Shares held by the Investor have been converted to Ordinary Shares of the Company.

2. In the event a Qualifying IPO is not effected within twenty four (24) months from the date of execution of the Agreement, Space Solutions India Pte Ltd (Formerly known as Lisbrine PTE. LTD.) shall be entitled to receive a cumulative fixed preferential dividend ("Preferential Dividend") per annum for each Class A Convertible Preference Share held by Space Solutions India Pte Ltd (Formerly known as Lisbrine PTE. LTD.) based on the Initial Subscription Price Per Share equal or equivalent to 5.00% of the Initial Subscription Price Per Share on the second (2nd) anniversary from the date of the Agreement for every six (6) months since the execution of the Agreement and for every six (6) months thereafter until conversion of the Class A Convertible Preference Shares to Ordinary Shares in the Company, (as appropriately adjusted for any subdivisions, consolidations, share dividends or similar recapitalisations).

3. Any Preferential Dividend (if any) shall be computed based on the Initial Subscription Price Per Share that is, in aggregate, equivalent to (and computed based on) INR equivalent to US\$4Mn to be converted INR exchange rate of the receiving bank as at the time of receipt which represents the amount invested in the Company by the Investor on Completion.

4. The right of the Investor to receive such dividends shall rank senior and prior to and in preference to the dividend rights of the holders of Ordinary Shares in the Company.

5. Subject to the foregoing, no dividends or distributions (in whatever form) shall be declared or paid to the holders of the Ordinary Shares unless the Investor first receives or simultaneously receives in full a pro rata share of such dividends on an as-converted basis.

6. In the event of consummation of a Qualified Fund Raise, the Preferential Dividend shall be immediately adjusted to match the dividend policy agreed in the definitive agreement arising from the Qualified Fund Raise subject to (i) the agreement of all parties including the Investor, the Founders and the new investors or (ii) if no agreement is reached for any reason, then the Investor shall be entitled to a minimum of two per cent. (2%) of the Initial Subscription Price Per Share per

20.3. Share Warrants

The Company has issued 850,000 share warrants of Rs. 260 each per warrant ("Warrant Subscription Price") for an aggregate consideration of Rs. 221.00 million on March 13, 2023 with reference to the warrant subscription agreement with Deutsche Bank, A.G, London Branch dated March 2, 2023. The warrant consideration shall be paid in the following manner:

1. Rs. 55.25 million shall be payable by the warrant holder on the closing date as consideration for subscribing to the Warrants ("Warrant Subscription Amount")

2. Rs. 165.75 millions shall be payable by warrant holder on or prior to the date of exercising the option of converting the warrants into equity shares of the Company, in accordance with the terms set forth in Schedule I, no later than 18 months from the closing date ("Warrant exercise amount")

Each warrant held by the warrant holder shall entitle it to apply and obtain allotment of 1(one) equity share of face value Rs 10. each at a premium of Rs. 250, at any time after the date of allotment but on or before the expiry of the term of the warrant, that is, 48 months from the date of allotment of the warrant ("Warrant Exercise Period").

In the event the warrant holder does not exercise the warrants held by it within the Warrant Exercise Period, the warrants held by the warrant holder shall lapse and the amount paid on the subscription of warrants shall stand forfeited fully or proportionately by the Company if the right to acquire equity shares is not exercised fully or in part thereof.

In the event the Company undertakes an initial public offering of the Company in accordance with applicable law, the warrants shall be mandatorily exercised and converted into equity shares in accordance with the terms and conditions of the warrant subscription agreement.

20.4. Retained Earnings

Retained earnings reflect surplus / deficit after taxes in the statement of profit or loss. The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance in this reserve and also considering the requirements of the Companies Act, 2013.

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Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Standalone Financial Statements as at March 31, 2024
21. Borrowings

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| Non-current | | |
| Secured – at amortised cost | | |
| Bonds | | |
| Non-convertible bonds | 932.44 | 1,240.18 |
| From Bank | | |
| - Auto loan | 13.90 | 8.10 |
| - Term loan | 1,825.18 | 2,538.02 |
| From NBFC | | |
| - Auto loan | 5.56 | 6.72 |
| - Term loan | 1,029.60 | 203.55 |
| Unsecured – at amortised cost | | |
| From related party | | |
| - Inter- corporate deposits (refer note 21.2.1) | - | 85.00 |
| Less: current maturities of long term borrowings | (1,409.20) | (1,083.28) |
| | 2,397.48 | 2,998.29 |
| Current | | |
| Secured – at amortised cost | | |
| - Bank overdraft | 424.35 | 958.79 |
| - From NBFCs | - | 81.03 |
| Unsecured – at amortised cost | | |
| - Inter- corporate deposits from related parties (refer note 21.2.1.1 and 37) | - | 15.00 |
| - Inter- corporate deposits from others parties (refer note 21.2.1.2) | 17.50 | 17.50 |
| - Vendor financing arrangement (refer note 21.2.2) | 24.97 | - |
| Current maturities of long-term borrowings | | |
| Secured | | |
| - Non-convertible bonds | 312.50 | 312.50 |
| - Term loan (From Banks) | 739.30 | 684.14 |
| - Term loan (From NBFC) | 353.21 | 83.33 |
| - Auto loan (From Banks) | 2.91 | 2.15 |
| - Auto loan (From NBFC) | 1.28 | 1.16 |
| | 1,876.02 | 2,155.60 |

21.1. Other principal features of the Company's borrowings are as follows.

| Particulars | Terms and conditions | Interest rate (per annum) | As at March 31, 2024 | As at March 31, 2023 |
|---|--|-----------------------------------|----------------------|----------------------|
| Bonds: | | | | |
| | - 1250 Bonds of Rs. 1 million each | | | |
| | - Repayable in 45 monthly instalments (starting from July 13, 2023) and interest payable monthly from April 13, 2023 for 48 Months. | | | |
| | - Maturity in March, 2027 | 3 month T-Bill (FBIL) + 8.575% | | |
| Deutsche Investments India Private Limited | - Hypothecation of receivables from specified tenancy contracts. | Currently 15.445% | 937.50 | 1,250.00 |
| (Held in name of Catalyst Trusteeship Limited) | - First exclusive charge by way of pledge over 10,318,961 equity shares of the Company, each in the name of NS Niketan LLP & SNS Infrarealty LLP (out of this, 494,705 shares were pledged subsequently) | (March 31, 2023: 15.425%) | | |
| | - Personal guarantee of directors* and corporate guarantee of NS Niketan LLP & SNS Infrarealty LLP. | | | |
| | Total | (A) | 937.50 | 1,250.00 |

* Directors in above mentioned notes refers to Neetish Sarada and Harsh Binani.

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Standalone Financial Statements as at March 31, 2024
Term Loan:

| Particulars | Terms and conditions | Interest rate (per annum) | As at March 31, 2024 | As at March 31, 2023 |
|-------------------------------|--|--|----------------------|----------------------|
| HDFC Bank Limited | - Repayable in 65 equal monthly instalments - Maturity in June, 2025 - Secured with lien over selected rentals of the property and lien of property of Vision Comptech Integrators Private Limited and personal guarantee of directors* and corporate guarantee of NS Niketan LLP & SNS Infrealty LLP. | Linked to 3M T-Bill Currently 8.98% (March 31, 2023: (Linked to 3M Repo) i.e. 8.90%) | 63.12 | 108.82 |
| HDFC Bank Limited | - Repayable in 83 equal monthly instalments - Maturity in January, 2027 - Secured with lien over selected rentals of the property and lien of property of Vision Comptech Integrators Private Limited and personal guarantee of directors* and corporate guarantee of NS Niketan LLP & SNS Infrealty LLP. | Linked to 3M T-Bill Currently 8.98% (March 31, 2023: (Linked to 3M Repo) i.e. 9.25%) | 166.98 | 216.89 |
| HDFC Bank Limited | - Repayable in 62 equal monthly instalments - Maturity in February, 2027 - Secured with lien over selected rentals of the property and lien of property of Vision Comptech Integrators Private Limited and personal guarantee of directors* and corporate guarantee of NS Niketan LLP & SNS Infrealty LLP. | Linked to 3M T-Bill Currently 8.98% (March 31, 2023: (Linked to 3M Repo) i.e. 9.25%) | 184.49 | 238.23 |
| HDFC Bank Limited | - Repayable in 38 monthly instalments - Maturity in August, 2025 - Secured with lien over selected rentals of the property and lien of property of Vision Comptech Integrators Private Limited and personal guarantee of directors* and corporate guarantee of NS Niketan LLP & SNS Infrealty LLP. | Linked to 3M T-Bill Currently 8.90% (March 31, 2023: (Linked to 3M T-Bill) i.e. 8.76%) | 165.65 | 277.51 |
| HDFC Bank Limited | - Repayable in 60 monthly instalments - Maturity in January, 2028 - Secured with lien over selected rentals of the property and lien of property of Vision Comptech Integrators Private Limited and personal guarantee of directors* and corporate guarantee of NS Niketan LLP & SNS Infrealty LLP. | Linked to 3M T-Bill Currently 8.75% (March 31, 2023: (Linked to 3M T-Bill) i.e. 8.90%) | 40.15 | 48.67 |
| HDFC Bank Limited | - Repayable in 48 monthly instalments - Maturity in April, 2028 - Secured with lien over selected rentals of the property and lien of property of Vision Comptech Integrators Private Limited and personal guarantee of directors* and corporate guarantee of NS Niketan LLP & SNS Infrealty LLP. | Linked to 3M T-Bill Currently 9.25% | 250.00 | - |
| DBS Bank India Limited | - Repayable in 36 monthly instalments - Maturity in November, 2025 - Lien over DSRA account - Secured over future cash flows linked to selected secured tenancy contracts and rent receivables and personal guarantee of directors* and corporate guarantee of SNS Infrealty LLP and NS Niketan LLP | MCLR rate + mutually agreed margin Currently : 9.50% (March 31, 2023: 9.50%) | 222.22 | 355.56 |
| DBS Bank India Limited | - Repayable in 24 monthly instalments - Maturity in November, 2025 - Lien over DSRA account - Secured over future cash flows linked to selected secured tenancy contracts and rent receivables and personal guarantee of directors* and corporate guarantee of SNS Infrealty LLP and NS Niketan LLP | MCLR rate + mutually agreed margin Currently : 9.60% | 173.91 | - |

* Directors in above mentioned notes refers to Neetish Sarda and Harsh Binani.

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Standalone Financial Statements as at March 31, 2024

| Particulars | Terms and conditions | Interest rate (per annum) | As at March 31, 2024 | As at March 31, 2023 |
|---|--|---|----------------------|----------------------|
| Indian Bank | - Repayable in 48 monthly instalments - Maturity in March, 2027 - Lien over FD - Secured with lien over selected rentals of the property and lien over property of M/s. Jagadhatri Vyapaar Private Limited and personal guarantee of directors* and corporate guarantee of Jagadhatri Vyapaar Private Limited, SNS Infrarealty LLP and NS Niketan LLP | 1Yr MCLR + 0.80% Currently : 9.65% (March 31, 2023: 9.25%) | 226.50 | 291.70 |
| Indian Bank | - Repayable in 60 monthly instalments - Maturity in March, 2028 - Lien over FD - Secured with lien over selected rentals of the property and lien over property of M/s. Jagadhatri Vyapaar Private Limited and personal guarantee of directors* and corporate guarantee of Jagadhatri Vyapaar Private Limited, SNS Infrarealty LLP and NS Niketan LLP | 1Yr MCLR + 0.80% Currently : 9.65% (March 31, 2023: 9.25%) | 342.64 | 428.30 |
| ICICI Bank Limited | - Repayable in 18 quarterly instalments (starting from August 05, 2023) and interest payable monthly from August 08, 2022 for 60 Months. - Maturity in August, 2027 - Equitable mortgage over immovable property at AJC Bose Road, Kolkata in the name of third parties. - First pari passu charge on the movable fixed assets of the company, both present and future - Second pari-passu charge on the current assets of the company, both present and future - Secured by upfront lien of specified fixed deposits and personal guarantee of directors* and corporate guarantee of Kalyankari Commercial LLP, Kripa Merchandise LLP, Simran Merchandise LLP and Snow Well Merchandise LLP. | (March 31, 2023: Based on MCLR For Rs. 550 million 9.75% and for Rs. 50 million 9.85%) | - | 600.00 |
| Total | | (B) | 1,835.66 | 2,565.68 |
| Auto Loan: | | | | |
| Particulars | Terms and conditions | Interest rate (per annum) | As at March 31, 2024 | As at March 31, 2023 |
| HDFC Bank Limited | - Repayable in 60 equal monthly instalments - Maturity in May, 2027 - Secured by hypothecation of vehicle of the Company. | 7.20% (March 31, 2023: 7.20%) | 2.42 | 3.07 |
| ICICI Bank Limited | - Repayable in 60 equal monthly instalments - Maturity in June, 2027 - Secured by hypothecation of vehicle of the Company. | 7.50% (March 31, 2023: 7.50%) | 1.65 | 2.08 |
| ICICI Bank Limited | - Repayable in 60 equal monthly instalments - Maturity in December, 2028 - Secured by hypothecation of vehicle of the Company. | 9.00% | 9.83 | - |
| BMW India Financial Services Pvt. Ltd. | - Repayable in 60 equal monthly instalments - Maturity in December, 2027 - Secured by hypothecation of vehicle of the Company. | 10.25% (March 31, 2023: 10.25%) | 5.56 | 6.72 |

* Directors in above mentioned notes refers to Neetish Sarada and Harsh Binani.

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Standalone Financial Statements as at March 31, 2024

| Particulars | Terms and conditions | Interest rate (per annum) | As at March 31, 2024 | As at March 31, 2023 |
|---|--|---|----------------------|----------------------|
| ICICI Bank Limited | - Repayable in 60 equal monthly instalments - Maturity in July, 2024 - Secured by hypothecation of vehicle of the Company. | (March 31, 2023: 10.00%) | - | 0.51 |
| ICICI Bank Limited | - Repayable in 60 equal monthly instalments - Maturity in December, 2024 - Secured by hypothecation of vehicle of the Company. | (March 31, 2023: 9.35%) | - | 0.65 |
| ICICI Bank Limited | - Repayable in 84 equal monthly instalments - Maturity in September, 2028 - Secured by hypothecation of vehicle of the Company. | (March 31, 2023: 7.70%) | - | 0.96 |
| ICICI Bank Limited | - Repayable in 60 equal monthly instalments - Maturity in February, 2027 - Secured by hypothecation of vehicle of the Company. | (March 31, 2023: 7.40%) | - | 0.83 |
| Total | | (C) | 19.46 | 14.82 |
| Term Loan from NBFC: | | | | |
| Particulars | Terms and conditions | Interest rate (per annum) | As at March 31, 2024 | As at March 31, 2023 |
| Equentia Financial Service Private Limited | - Repayable in 24 equal monthly instalments - Maturity in June, 2025 - Exclusive charge by way of hypothecation of specified receivables. - Cash collateral as specified for the facility (refer note 11.2 and 11.3) | 11.50% | 129.65 | - |
| Tata Capital Financial Services Limited | - Repayable in 36 equal monthly instalments - Maturity in September, 2025 - Exclusive charge by way of Hypothecation over rental receivables of specified tenants - Secured by DSRA - Personal guarantee of directors*. | Long term lending rate (LTLR) of TCFSL less 9.70% Currently : 12.10% (March 31, 2023: 11.85%) | 125.00 | 208.33 |
| Tata Capital Financial Services Limited | - Repayable in 36 equal monthly instalments - Maturity in July, 2026 - Exclusive charge by way of Hypothecation over rental receivables of specified tenants - Secured by DSRA - Personal guarantee of directors*. | Long term lending rate (LTLR) of TCFSL less 10.80% Currently : 11.00% | 155.56 | - |
| Aditya Birla Finance Limited | - Repayable in 84 equal monthly instalments - Maturity in July, 2030 - Exclusive charge over registered mortgaged property and its receivables as specified in the facility - Exclusive charge over identified receivables of the company - Lien over specified mutual funds. - Personal guarantee of directors* and Corporate guarantee of Kalyankari Commercial LLP, Kripa Merchandise LLP, Simran Merchandise LLP, Snow Well Merchandise LLP | Long term reference rate of ABFL (LTRR) less 9.75% Currently : 10.75% | 627.74 | - |

* Directors in above mentioned notes refers to Neetish Sarada and Harsh Binani.

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Standalone Financial Statements as at March 31, 2024

| Particulars | Terms and conditions | Interest rate (per annum) | As at March 31, 2024 | As at March 31, 2023 |
|--|---|---|----------------------|----------------------|
| Equentia Financial Service Private Limited | - Repayable in 12 equal monthly instalments - Maturity in June, 2023 - Secured by lien over rentals as specified in the facility agreement. - Personal Guarantee of directors* | (March 31, 2023: 10.00%) | - | 29.39 |
| Equentia Financial Service Private Limited | - Repayable in 12 equal monthly instalments - Maturity in July, 2023 - Secured by lien over rentals as specified in the facility agreement. - Personal Guarantee of directors* | (March 31, 2023: 11.00%) | - | 51.84 |
| | Total | (D) | 1,037.95 | 289.56 |
| Bank overdraft: | | | | |
| Particulars | Terms and conditions | Interest rate (per annum) | As at March 31, 2024 | As at March 31, 2023 |
| HDFC Bank Limited | - Secured by lien over fixed deposits with bank up to Rs. 19 millions - Repayable on demand | FD+ 0.40% p.a (March 31, 2023: 7.40%) | 11.71 | 5.65 |
| HDFC Bank Limited | - Dropline OD - Repayable on demand | Linked to 3M T Bill Currently : 8.75% | 158.30 | - |
| ICICI Bank Limited | - Secured by lien over fixed deposits with bank up to Rs. 80 millions - Repayable on demand | FD+ 0.25% | 71.57 | - |
| ICICI Bank Limited | - Secured by lien over fixed deposits with bank up to Rs. 187.43 millions - Repayable on demand | FD+ 0.25% | 182.77 | - |
| HDFC Bank Limited | - Secured by lien over liquid deposits with bank of 734.3 millions and lien over rental escrows to the tune of 1.90x only for 250 million DOD facility - Repayable on demand | (March 31, 2023 : 8.25% linked to 3M T Bill for Rs. 731 million 8.90% linked to 3M T-Bill for Rs. 250 million) | - | 952.90 |
| | Total | (E) | 424.35 | 958.55 |
| | | (A+B+C+D+E) | 4,254.92 | 5,078.61 |
| Less : Impact due to effective interest rate method | | | (23.89) | (42.22) |
| | | | 4,231.03 | 5,036.39 |

* Directors in above mentioned notes refers to Neetish Sarda and Harsh Binani.

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Notes forming part of the Standalone Financial Statements as at March 31, 2024

| 21.2 Detail of unsecured borrowings | | | | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------------|-------------------------------------|--------------------------------------|---------------------------------|---------------------------------|
| Particulars | | | | Principal | Principal |
| 21.2.1 Inter- corporate deposits | | | | | |
| 21.2.1.1 From related parties (refer note 37) | | | | | |
| | Agreement date | Repayment/ maturity date | Interest rate (per annum) | | |
| Vision Comptech Integrators Limited | August 1, 2022 | January 9, 2024 | 9% | - | 85.00 |
| SML Smart Technologies Private Limited | May 7, 2022 May 7, 2023 | May 6, 2023 November 1, 2023 | 9% | - | 15.00 |
| | | | (A) | - | 100.00 |
| 21.2.1.2 From other parties | | | | | |
| | Agreement date | Repayment/ maturity date | Interest rate (per annum) | | |
| Blackcherry Commosale Private Limited | May 11, 2023 | May 10, 2024 | 12% | 17.50 | 17.50 |
| | | | (B) | 17.50 | 17.50 |
| 21.2.2 Vendor financing arrangement | | | | | |
| | Transaction date | Repayment/ maturity date | Interest rate (per annum) | | |
| A.Treds Limited (refer note 21.5) | February 23, 2024 | August 21, 2024 | 9.50% | 24.97 | - |
| | | | (C) | 24.97 | - |
| | | | (A+B+C) | 42.47 | 117.50 |

Notes:

21.3. Interest accrued and payable were paid before the balance sheet and hence there was no outstanding balance in interest accrued

21.4. Refer note 38.2.4 for maturity profile of borrowings.

21.5. During the year ended March 31, 2024, the Company has registered on a digital platform for invoice discounting called Invoicemart (A.Treds Limited).

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Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Standalone Financial Statements as at March 31, 2024**22. Provisions**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|------------------------------------|-------------------------------------|
| Non-current | | |
| Provision for employee benefits: | | |
| - Provision for gratuity (refer note 36) | 14.50 | 13.18 |
| - Provision for compensated absences | 12.99 | 11.00 |
| Other provisions: | | |
| - Asset retirement obligation (refer note 22.1) | 23.94 | 19.58 |
| Total | 51.43 | 43.76 |
| Current | | |
| Provision for employee benefits: | | |
| - Provision for gratuity (refer note 36) | 4.30 | 1.78 |
| - Provision for compensated absences | 4.13 | 3.28 |
| Other provisions: | | |
| - Provision for contingencies (refer note 22.1) | 0.98 | 0.90 |
| Total | 9.41 | 5.96 |
| Note: | | |
| 22.1. Movement of other provisions: | Provision for contingencies | Asset retirement obligations |
| As at April 1, 2022 | 0.58 | 10.74 |
| Addition during the year | 0.32 | 7.37 |
| Interest accrued during the year | - | 1.47 |
| As at March 31, 2023 | 0.90 | 19.58 |
| Addition during the year | 0.08 | 2.94 |
| Interest accrued during the year | - | 1.42 |
| As at March 31, 2024 | 0.98 | 23.94 |

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Notes forming part of the Standalone Financial Statements as at March 31, 2024

23. Trade payables

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| Total outstanding dues of micro and small enterprises | 20.59 | 359.10 |
| Total outstanding dues to other than micro and small enterprises | 1,195.64 | 623.19 |
| Total | 1,216.23 | 982.29 |

Note:
23.1 The average credit period on purchases of goods and services is 30 days, except for brokerage & commission and manpower services which is 90 days.

23.2 Refer note 37 for trade payables to related parties.

23.3 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| (I) (a) the principal amount remaining unpaid to any supplier (including payables on purchase of property, plant and equipment amounting Rs. 75.21 million (March 31, 2023 : Rs. 293.58 million)) as at the end of each accounting year | 95.80 | 652.68 |
| (b) interest due thereon | - | - |
| (II) Amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| (III) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | - | - |
| (IV) Amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| (V) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006 | - | - |

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

Trade payables ageing

As at March 31, 2024

| Particulars | Unbilled | Not due | Outstanding for following periods from due date of payment | | | | Total |
|--|----------|---------|--|-----------|-----------|-------------------|-----------------|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Dues to micro and small enterprises (A) | - | 11.83 | 8.31 | - | - | - | 20.14 |
| (ii) Dues to others (B) | 214.17 | 573.19 | 394.88 | 1.08 | 1.87 | 0.92 | 1,186.11 |
| (iii) Disputed dues to micro and small enterprises (C) | - | - | - | - | - | 0.45 | 0.45 |
| (iv) Disputed dues to others (D) | - | - | 9.53 | - | - | - | 9.53 |
| Total dues to micro and small enterprises (A+C) | | | | | | | 20.59 |
| Total others (B+D) | | | | | | | 1,195.64 |

As at March 31, 2023

| Particulars | Unbilled | Not due | Outstanding for following periods from due date of payment | | | | Total |
|--|----------|---------|--|-----------|-----------|-------------------|---------------|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Dues to micro and small enterprises (A) | - | 216.54 | 142.11 | - | - | - | 358.65 |
| (ii) Dues to others (B) | 180.57 | 195.33 | 228.20 | 13.22 | 5.67 | 0.20 | 623.19 |
| (iii) Disputed dues to micro and small enterprises (C) | - | - | - | - | 0.45 | - | 0.45 |
| (iv) Disputed dues to others (D) | - | - | - | - | - | - | - |
| Total dues to micro and small enterprises (A+C) | | | | | | | 359.10 |
| Total others (B+D) | | | | | | | 623.19 |

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Standalone Financial Statements as at March 31, 2024**24. Other financial liabilities**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|------------------------|------------------------|
| Non-current | | |
| Security deposits | 2,308.80 | 1,886.50 |
| Total | <u>2,308.80</u> | <u>1,886.50</u> |
| Current | | |
| Security deposits | 1,742.57 | 997.21 |
| Payables on purchase of property, plant and equipment (refer note 24.1) | 462.18 | 712.84 |
| Interest accrued but not due on borrowings | 21.25 | 21.71 |
| Total | <u>2,226.00</u> | <u>1,731.76</u> |

Note:**24.1.** Includes amount due to micro and small enterprises amounting Rs. 75.21 million (March 31, 2023 - Rs. 293.58 million).**25. Other liabilities**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|------------------------|----------------------|----------------------|
| Non-current | | |
| Deferred revenue | 366.76 | 272.88 |
| Total | <u>366.76</u> | <u>272.88</u> |
| Current | | |
| Deferred revenue | 340.06 | 217.07 |
| Statutory dues | 65.78 | 65.79 |
| Advance from customers | 11.17 | 22.67 |
| Others | - | 27.56 |
| Total | <u>417.01</u> | <u>333.09</u> |

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Notes forming part of the Standalone Financial Statements as at March 31, 2024

26. Revenue from operations

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---------------------------------|--------------------------------------|--------------------------------------|
| Revenue from lease rentals | 9,972.21 | 6,857.81 |
| Revenue from ancillary services | 406.51 | 239.29 |
| Total | 10,378.72 | 7,097.10 |

Note :
26.1. Revenue from lease arrangements, where there is a material breach as per agreed terms and conditions and ultimate recovery of revenue is not probable, is not recorded in the statement of profit and loss. During the year ended March 31, 2024, amount of Rs. Nil (March 31, 2023 amount of Rs. 1.70 million) is not recorded as revenue considering ultimate recovery is not probable. Company has undertaken initiatives for recovery of such amounts and it will be recognised only when ultimate collection is probable and accordingly, Company has recognised revenue of Rs. Nil (March 31, 2023- Rs. Nil) during March 31, 2024.

26.2. Revenue from ancillary services has been earned in India.

26.3. Revenue from ancillary services are transferred to the customers at a point in time

27. Other income

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Interest income earned on financial assets that are measured at amortised cost | | |
| - Security deposits | 286.64 | 144.57 |
| - Interest income on bank deposits | 74.99 | 56.31 |
| - Interest income from subsidiary companies | 15.29 | 3.22 |
| - Others | 0.16 | 0.09 |
| Income from reimbursement of fitout | 17.64 | 4.87 |
| Income from subsidiary (Other than interest) | - | 1.53 |
| Income from scrap sales | 25.44 | 2.42 |
| Other gain and losses | | |
| - Interest income on income tax refund | - | 11.27 |
| - Liability/provision no longer required written back | 14.32 | 36.33 |
| - Gain on lease termination/reassessment (refer note 5.3) | 310.86 | 68.89 |
| - Gain on fair valuation of investment in mutual fund | 4.28 | - |
| - Profit on sale of property, plant & equipment | - | 1.42 |
| - Others | 2.98 | 0.60 |
| Total | 752.60 | 331.52 |

28. Operating expenses

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Housekeeping, security, support service, plantation and pest control | 780.08 | 665.51 |
| Electricity and water charges | 940.01 | 620.22 |
| Building maintenance charges | 694.44 | 463.06 |
| Equipment and asset hire charges | 47.69 | 46.86 |
| Commission and brokerage | 348.49 | 269.37 |
| Communication expenses | 63.61 | 62.49 |
| Rent expense | 95.01 | 6.57 |
| Freight and transportation | 10.17 | 11.32 |
| Parking charges | 49.70 | 35.44 |
| Total | 3,029.20 | 2,180.84 |

29. Employee benefits expense

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Salaries and wages | 434.13 | 373.99 |
| Contributions to provident fund and other funds | 15.33 | 9.19 |
| Gratuity expense (refer note 36) | 6.25 | 5.81 |
| Staff welfare expenses | 23.14 | 15.45 |
| Total | 478.85 | 404.44 |

Notes forming part of the Standalone Financial Statements as at March 31, 2024

30. Finance costs

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Interest expense on: | | |
| - Lease liabilities | 2,498.10 | 1,970.39 |
| - Borrowings | 536.43 | 275.32 |
| - Other financial liabilities that are measured at amortised cost | 244.78 | 87.28 |
| Others: | | |
| - Interest on asset retirement obligation | 1.42 | 1.47 |
| - Others | 2.45 | 32.18 |
| Total | 3,283.18 | 2,366.64 |

31. Depreciation and amortisation expenses

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Depreciation on: | | |
| - Property, plant and equipment (refer note 4) | 1,520.75 | 863.06 |
| - Right-of-use assets (refer note 5) | 3,186.14 | 2,695.02 |
| Amortisation on intangible assets (refer note 7) | 3.08 | 3.54 |
| Total | 4,709.97 | 3,561.62 |

32. Other expenses

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Business development | 26.56 | 24.74 |
| Legal and professional charges (refer note 32.1) | 59.60 | 37.95 |
| Travelling expenses | 25.59 | 33.69 |
| Postage and stationery | 13.87 | 15.64 |
| Consultancy expenses | 14.58 | 22.80 |
| Property, plant and equipment written off | 52.22 | 62.63 |
| Rates and taxes | 12.98 | 8.01 |
| Allowance for doubtful debts and advances | 5.54 | 1.96 |
| Provision for contingencies | 0.08 | 0.32 |
| Information technology expenses | 30.42 | 30.04 |
| Insurance charges | 6.09 | 4.55 |
| Loss on sale of property, plant & equipment | 0.49 | - |
| Miscellaneous expenses | 17.51 | 21.73 |
| Total | 265.53 | 264.06 |

Note:

32.1. Legal and professional (excluding GST) expenditure includes:

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|-------------------------|--------------------------------------|--------------------------------------|
| Statutory auditors | | |
| - Statutory audit | 5.00 | 5.10 |
| - Out of pocket expense | 0.15 | 0.15 |
| Total | 5.15 | 5.25 |

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Notes forming part of the Standalone Financial Statements as at March 31, 2024

33. Earnings per share ('EPS')

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Basic and Diluted | | |
| Loss for the year (a) | (470.24) | (997.88) |
| Nominal value of equity share (Rs.) | 10.00 | 10.00 |
| Total number of equity shares outstanding at the beginning of the year | 96.07 | 95.58 |
| Total number of equity shares outstanding at the end of the year | 98.61 | 96.07 |
| Weighted average number of equity shares outstanding during the period for computing Basic and Diluted EPS (b) | 96.36 | 95.58 |
| Basic and Diluted earnings per share (a)/(b) (Rs.) | (4.88) | (10.44) |

Note:

33.1. The cumulative convertible preference shares classified as equity instruments are included as a part of Basic and Diluted EPS computation as these can be converted to equity shares at any point of time (refer note 20.2).

33.2. During the year ended March 31, 2023, the Company had issued 850,000 share warrants. These share warrants are potential ordinary shares as they entitle its holders to ordinary shares during Warrant Exercise period. The share warrants has not been considered for computing weighted average number of equity shares for diluted EPS as they are anti-dilutive in nature (refer note 20.3).

34. Contingent liabilities and commitments

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| A. Contingent liabilities | | |
| Claims against the Company not acknowledged as debt: | | |
| - Income tax matters (net of payments made) | 1.45 | 1.45 |
| - Indirect tax matters | 6.80 | - |
| B. Commitments | | |
| Estimated amount of contracts remaining to be executed on property, plant and equipment and intangible assets and not provided for (net of related advances) | 448.06 | 190.30 |
| C. Corporate guarantee | | |
| Corporate guarantee provided to third party on behalf of vendors of the Company | - | 158.28 |
| D. Others | | |
| Letter of credit and guarantees excluding financial guarantees | 15.89 | 17.89 |

Note:

34.1 Apart from the commitments disclosed above, the Company has no financial commitments other than those in the nature of regular business operations.

35. Segment reporting

The Company's primary business segment involves developing and renting out co-working spaces in business centres. The Board of Directors of the Company, which has been identified as being the Chief Operating Decision Maker (CODM), evaluates the Company performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit of coworking spaces. Therefore there are no separate reportable business segments as per Ind AS 108- "Operating Segments".

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Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Standalone Financial Statements as at March 31, 2024
36. Employee benefit plans
Defined contribution plans

The Company makes provident fund contribution to a defined contribution retirement benefit plan for qualifying employees. The Company's contribution to the Employees provident fund is deposited with the Regional Provident Fund Commissioner. Under the scheme, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefits. The Company has recognised the following amounts in the Statement of Profit and Loss in the following years:

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|------------------------------|--------------------------------------|--------------------------------------|
| Provident fund contributions | 15.13 | 8.93 |

Defined benefit plans:
Gratuity

- a) The Company offers its employees defined-benefit plans in the form of a gratuity scheme. Benefits under the defined benefit plans are based on years of service and the employee's compensation (immediately before retirement). Benefits payable to eligible employees of the Company with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the balance sheet date.
- b) This plan typically expose the company to actuarial risk such as: interest rate risk, longevity risk and salary risk.

Interest risk

A decrease in the bond interest rate will increase the plan liability.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

- (c) Significant actuarial assumptions

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|--|------------------------|------------------------|
| a) Discount rate(s) | 7.22% | 7.15% |
| b) Expected rate(s) of salary increase | 9.50% | 9.50% |
| c) Mortality table used | 100% of ILAM (2012-14) | 100% of ILAM (2012-14) |
| d) Attrition rate | | |
| -Up to 30 years | 47.21% | 41.99% |
| -Ages 31-44 years | 37.06% | 29.61% |
| -Ages 44 & above | 0.00% | 0.00% |
| e) Rate of return on plan assets | N.A | N.A |
| f) Average remaining working lives of employees (in years) | 26.21 | 26.36 |

The discount rate is based on prevailing market yields of Government of India bonds as at the valuation date balance sheet date for the expected term of obligation.

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

- (d) The following tables sets out the funded status of the defined benefit scheme in respect of gratuity and amount recognised in the Standalone Financial Statements:

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| I. Amounts recognised in profit or loss in respect of these defined benefit plans are as follows: | | |
| a) Current service cost | 5.18 | 5.11 |
| b) Past service cost and (gains)/losses from settlements | - | - |
| c) Net interest expense | 1.07 | 0.70 |
| Components of defined benefit costs recognised in profit or loss | 6.25 | 5.81 |
| Remeasurement on the net defined benefit liability | | |
| a) Actuarial (gains)/loss arising form changes in financial assumptions | (0.07) | (0.13) |
| b) Actuarial (gains)/loss arising form changes in demographic assumptions | (1.17) | (0.58) |
| c) Actuarial (gains)/loss arising form experience adjustments | (0.64) | 0.35 |
| Components of defined benefit costs recognised in other comprehensive income | (1.88) | (0.36) |
| Total | 4.37 | 5.45 |

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the Statement of Profit and Loss and the remeasurement of the net defined benefit liability is included in 'Other comprehensive income'.

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Standalone Financial Statements as at March 31, 2024

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| I. Net asset/(liability) recognised in the balance sheet | | |
| a) Present value of defined benefit obligation | 18.80 | 14.96 |
| b) Fair value of plan assets | - | - |
| c) Surplus/(deficit) | 18.80 | 14.96 |
| d) Current portion of the above | 4.30 | 1.78 |
| e) Non current portion of the above | 14.50 | 13.18 |

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| II. Change in the obligation during the year | | |
| Present value of defined benefit obligation at the beginning of the year | 14.96 | 9.71 |
| Expenses recognised in profit and loss account | | |
| - Current service cost | 5.18 | 5.11 |
| - Past service cost | - | - |
| - Interest expense (income) | 1.07 | 0.70 |
| Recognised in other comprehensive income | | |
| Remeasurement gains / (losses) | | |
| - Actuarial Gain (Loss) arising from: | | |
| i. Financial assumptions | (0.07) | (0.13) |
| ii. Demographic assumptions | (1.17) | (0.58) |
| iii. Experience adjustments | (0.64) | 0.35 |
| Benefit payments | (0.53) | (0.20) |
| Present value of defined benefit obligation at the end of the year | 18.80 | 14.96 |

(e) Sensitivity for significant actuarial assumption is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by +/- 0.5%, keeping all other actuarial assumptions constant:

| Principal assumption | Changes in assumption | Impact on defined benefit obligation | |
|------------------------------|--------------------------|--------------------------------------|------------------------|
| | | Increase in assumption | Decrease in assumption |
| a) Discount rate | | | |
| As at March 31, 2024 | 0.5% | (0.42) | 0.45 |
| As at March 31, 2023 | 0.5% | (0.42) | 0.45 |
| b) Salary growth rate | | | |
| As at March 31, 2024 | 0.5% | 0.36 | (0.35) |
| As at March 31, 2023 | 0.5% | 0.36 | (0.35) |

- Notes:**
- i) The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.
- ii) The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

(f) Maturity profile of defined benefit obligation:

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|----------------|----------------------|----------------------|
| Within 1 year | 4.30 | 1.78 |
| 1 - 2 year | 3.25 | 2.69 |
| 2 - 3 year | 2.04 | 1.80 |
| 3 - 4 year | 1.37 | 1.28 |
| 4 - 5 year | 0.97 | 0.95 |
| 5 year onwards | 6.86 | 6.46 |

(g) The Company expects to make a contribution of Rs. 6.98 million to the defined benefit plan during the next financial year.

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Notes forming part of the Standalone Financial Statements as at March 31, 2024

37 Related party transactions and balances

a. Names of related parties and related party relationships

Entities having significant influence over the Company

NS Niketan LLP
SNS Infrarealty LLP

Subsidiaries

Smartworks Tech Solutions Private Limited (Formerly known as Smartworks Coliving Private Limited)
Smartworks Office Services Private Limited
Smartworks Stellar Services Private Limited (w.e.f. April 28, 2022)
Smartworks Space Pte Ltd. (w.e.f. March 15, 2024) (refer note 9.2)

Key Management Personnel ('KMP')

Neetish Sarda (Managing director)
Harsh Binani (Wholetime director)
Sahil Jain (Chief financial officer) (w.e.f. July 19, 2024)
Punam Dargar (Company secretary)

Relatives of KMPs

Neeta Sarda
Saumya Binani

Entities where Key Management Personnel and their relatives exercise significant influence

Vision Comptech Integrators Limited
Smart IT Services Private Limited
SML Smart Technologies Private Limited
Talbot & Co
Talbotforce Services Private Limited
Kalyankari Commercial LLP
Kripa Merchandise LLP
Simran Merchandise LLP
Snow Well Merchandise LLP
Jagadhatri Vyapaar Pvt Ltd

b. Related party transactions

| | Name of related party | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|---|--------------------------------------|--------------------------------------|
| Income from lease rental | Talbot & Co | 0.13 | 0.15 |
| | Talbotforce Services Private Limited | 1.00 | 1.02 |
| | Smartworks Tech Solutions Private Limited | 1.80 | 0.19 |
| | Smartworks Office Services Private Limited | 0.07 | 0.07 |
| | Smart It Services Private Limited | 0.05 | - |
| Income from ancillary services | Talbot & Co | - | 0.00 |
| | Talbotforce Services Private Limited | 0.11 | 0.10 |
| | Smartworks Tech Solutions Private Limited | - | 2.30 |
| Sale of assets | Smartworks Stellar Services Private Limited | - | 1.30 |
| Lease rental expense | Vision Comptech Integrators Limited | 101.84 | 88.56 |
| Building maintenance | Vision Comptech Integrators Limited | 33.95 | 29.52 |
| | Talbotforce Services Private Limited | 8.42 | 0.26 |
| Equipment hire charges | Smart IT Services Private Limited | 0.84 | 5.02 |
| | Talbot & Co | - | 0.78 |
| | Talbotforce Services Private Limited | 4.40 | 2.37 |
| Information technology expenses | Smartworks Tech Solutions Private Limited (refer note 37.3) | 3.25 | 0.30 |
| | Talbotforce Services Private Limited | 0.77 | 0.03 |
| Housekeeping & security charges | Talbot & Co (refer note 37.4) | 3.25 | 2.16 |
| | Talbotforce Services Private Limited | 725.45 | 631.51 |
| Purchase Of property, plant and equipment | Talbotforce Services Private Limited | 11.90 | 3.94 |
| | Smart IT Services Private Limited | 0.87 | 0.54 |
| | Smartworks Stellar Services Private Limited | 13.67 | - |
| Interest received on borrowings given | Smartworks Tech Solutions Private Limited | 15.07 | 3.21 |
| | Smartworks Stellar Services Private Limited | 0.20 | 0.01 |
| | Smartworks Office Services Private Limited | 0.02 | 0.01 |
| Interest paid on borrowings taken | SML Smart Technologies Private Limited | 0.79 | 1.35 |
| | Vision Comptech Integrators Limited | 6.19 | 16.49 |
| | Smartworks Stellar Services Private Limited | - | 0.10 |
| Reimbursements of other expenses incurred by Company | Vision Comptech Integrators Limited | 4.87 | - |
| | Smartworks Tech Solutions Private Limited | 0.15 | - |
| Reimbursements of amount received on behalf of related party | Smartworks Tech Solutions Private Limited | 0.26 | - |

Smartworks Coworking Spaces Private Limited
(All amounts are in Indian Rupees, unless otherwise stated)

Notes forming part of the Standalone Financial Statements as at March 31, 2024

| | Name of related party | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|---|--------------------------------------|--------------------------------------|
| Reimbursements of other expenses incurred by related party | Vision Comptech Integrators Limited | 28.40 | 29.82 |
| | Talbotforce Services Private Limited | 11.48 | - |
| | Smartworks Tech Solutions Private Limited | - | 36.55 |
| Remuneration to KMP | Neetish Sarda | 11.44 | 9.79 |
| | Harsh Binani | 11.61 | 9.36 |
| | Punam Dargar | 1.64 | 1.52 |
| Investment in Subsidiary | Smartworks Stellar Services Private Limited | - | 0.10 |
| Security deposit taken | Smartworks Tech Solutions Private Limited | 0.01 | 0.24 |
| Borrowings given | Smartworks Tech Solutions Private Limited | 119.74 | 66.36 |
| | Smartworks Stellar Services Private Limited | 8.17 | 1.21 |
| | Smartworks Office Services Private Limited | 0.15 | 0.15 |
| Refund of borrowings given | Smartworks Tech Solutions Private Limited | 6.00 | 2.46 |
| | Smartworks Stellar Services Private Limited | 2.89 | 1.21 |
| | Smartworks Office Services Private Limited | - | 0.00 |
| Borrowings taken | Vision Comptech Integrators Limited | 15.00 | 86.00 |
| | Smartworks Stellar Services Private Limited | - | 3.40 |
| Refund of borrowings taken | Vision Comptech Integrators Limited | 100.00 | 130.70 |
| | SML Smart Technologies Private Limited | 15.00 | - |
| | Smartworks Stellar Services Private Limited | - | 3.40 |

c. Related party outstanding balances

| | Name of related party | As at March 31, 2024 | As at March 31, 2023 |
|-------------------------|---|-------------------------|-------------------------|
| Unsecured borrowings | SML Smart Technologies Private Limited | - | 15.00 |
| | Vision Comptech Integrators Limited | - | 85.00 |
| Borrowings given | Smartworks Tech Solutions Private Limited | 181.50 | 69.18 |
| | Smartworks Stellar Private Limited | 5.28 | - |
| | Smartworks Office Services Private Limited | 0.30 | 0.15 |
| Advance from employee | Neetish Sarda | - | 0.06 |
| Unbilled revenue | Talbotforce Services Private Limited | 0.10 | - |
| | Smartworks Tech Solutions Private Limited | 0.03 | 1.31 |
| Trade payables | Talbot & Co | 0.68 | 0.75 |
| | Talbotforce Services Private Limited | 388.89 | 322.91 |
| | Smart IT Services Private Limited | - | 1.25 |
| | Vision Comptech Integrators Limited | 2.20 | - |
| | Smartworks Tech Solutions Private Limited | 0.28 | - |
| | Neetish Sarda | 0.66 | - |
| | Harsh Binani | 0.13 | - |
| Security deposit taken | Smartworks Tech Solutions Private Limited | 0.26 | 0.25 |
| | Smartworks Office Services Private Limited | 0.02 | 0.02 |
| Non-current investments | Smartworks Tech Solutions Private Limited | 0.10 | 0.10 |
| | Smartworks Office Services Private Limited | 0.10 | 0.10 |
| | Smartworks Stellar Services Private Limited | 0.10 | 0.10 |
| Trade receivables | Smartworks Tech Solutions Private Limited | - | 36.99 |
| | Talbotforce Services Private Limited | 0.00 | - |

Notes:

37.1. Refer note 21.1 for the guarantees issued by related parties for the Company.

37.2. These figures are inclusive of taxes.

37.3. These expenses includes expenses that are under reverse charge mechanism.

d. Compensation of key management personnel

The remuneration of directors and other members including relatives of key management personnel during the year was as follows:

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--------------------------|--------------------------------------|--------------------------------------|
| Short-term benefits | 24.69 | 20.68 |
| Post-employment benefits | 4.79 | 3.91 |
| Total | 29.48 | 24.59 |

Notes forming part of the Standalone Financial Statements as at March 31, 2024

38 Financial instruments

38.1. Categories of financial instruments

| Particulars | Level | As at March 31, 2024 | | As at March 31, 2023 | |
|------------------------------|---------|----------------------|----------------|----------------------|----------------|
| | | FVTPL | Amortised cost | FVTPL | Amortised cost |
| Financial assets | | | | | |
| Investments | Level 1 | 112.78 | - | - | - |
| Trade receivables | | - | 138.57 | - | 141.30 |
| Cash and cash equivalents | | - | 385.93 | - | 1,180.35 |
| Other bank balances | | - | 313.05 | - | 954.79 |
| Loans | | - | - | - | 69.33 |
| Other financial assets | | - | 2,045.86 | - | 1,634.75 |
| Financial liabilities | | | | | |
| Lease liabilities | | - | 30,082.38 | - | 33,976.22 |
| Borrowings | | - | 4,273.50 | - | 5,153.89 |
| Trade payables | | - | 1,216.23 | - | 982.29 |
| Other financial liabilities | | - | 4,534.80 | - | 3,618.26 |

At the end of the reporting period, there are no significant concentrations of credit risk for financial assets designated at FVTPL. The carrying amount reflected above represents the Company's maximum exposure to credit risk for such Financial assets.

The fair value of instruments measured at amortised cost is equivalent to the carrying cost of financial instruments.

| Particulars | Level | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---------|----------------------|----------------|----------------------|----------------|
| | | Fair value | Amortised cost | Fair value | Amortised cost |
| Other financial assets - security deposits | Level 3 | 1,819.69 | 1,846.87 | 1,390.00 | 1,321.07 |
| Interest rate used for fair valuation | | 6.75% | | 5.65% | |
| Other financial liabilities - security deposits | Level 3 | 4,069.53 | 4,051.37 | 2,884.00 | 2,883.71 |
| Interest rate used for fair valuation | | 9.05% | | 9.68% | |

The fair value of security deposits was estimated based on the contractual terms of the security deposits and parameters such as interest rates. Since, the data from any observable markets in respect of interest rates were not available, the interest rates were considered to be significant unobservable inputs to the valuation of these deposits.

38.1.1 Fair values hierarchy

Financial assets and financial liabilities are measured at fair value in the financial statement and are grouped into three Levels of fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments

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

Level 3: unobservable inputs for the asset or liability.

38.2. Financial risk management objectives

While ensuring liquidity is sufficient to meet Company's operational requirements, the Company's risk management committee also monitors and manages key financial risks relating to the operations of the Company by analysing exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk.

38.2.1. Market risk

38.2.1.1. Currency risk

Currency risk is the risk or uncertainty arising from possible currency movements and their impact on the future cash flows of a business. There are no material currency risk affecting the financial position of the Company as there are no material transactions in currency other than functional currency of the Company.

38.2.1.2. Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and floating rate loans and borrowings keeping in view of current market scenario.

Interest rate risk exposure

The Company's floating rate borrowing is subject to interest rate fluctuations. Below is the overall exposure of the borrowing (undiscounted):

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|--------------------------|----------------------|----------------------|
| Floating rate borrowings | 4,105.80 | 4,982.79 |
| Fixed rate borrowings | 191.59 | 213.54 |

Sensitivity:

Profit or loss is sensitive to higher/ lower interest expense from floating rate borrowings as a result of changes in interest rates (for complete year on closing balance) :

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|----------------|-----------------------------------|-----------------------------------|
| Increase by 1% | 41.06 | 49.83 |
| Decrease by 1% | (41.06) | (49.83) |

38.2.1.3. Price risk

The Company's exposure to price risk arises from investments held and classified as FVTPL. To manage the price risk arising from investments in mutual funds, the Company diversifies its portfolio of assets.

Sensitivity analysis:

Profit or loss is sensitive to higher/ lower prices of instruments classified as FVTPL on the Company's profit for the periods (for complete year on closing balance) :

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|----------------|-----------------------------------|-----------------------------------|
| Increase by 5% | 5.64 | - |
| Decrease by 5% | (5.64) | - |

Notes forming part of the Standalone Financial Statements as at March 31, 2024

38.2.1.4. Credit risk management

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company under a financial instrument or customer contract leading to a financial loss. The Company is exposed to credit risk mainly with respect to trade receivables, investment in mutual funds, bank deposits and bank balances.

38.2.2 Trade receivables

The trade receivables of the Company are typically non-interest bearing and derived from sales made to a large number of independent customers. As the customer base is widely distributed both economically and geographically, there is minimal concentration of credit risk. The credit period provided by the Company to its customers generally ranges from 7 days.

The management performs ongoing assessment of trade receivables for each customer basis the terms and conditions of each contract to identify the material breach. Facts and circumstances relevant to each customer are reviewed by the management to assess credit risk. Receivables are credit impaired to the extent unsecured and there is no convincing evidence establishing collection of consideration in near future.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. Where the financial asset has been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the statement of profit and loss.

38.2.3 Other financial instruments and bank deposits

The Company's treasury, in accordance with the board approved policy, maintains its cash and cash equivalents, deposits and investment in mutual funds with banks, financial and other institutions, having good reputation, past track record, and high credit rating. Similarly, counter-parties of the Company's other receivables carry either no or very minimal credit risk. Further, the Company reviews the credit-worthiness of the counter-parties (on the basis of its ratings, credit spreads and financial strength) of all the above assets on an on-going basis, and if required, takes necessary mitigation measures.

38.2.4. Liquidity risk management

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents including bank deposits and availability of funding through an adequate amount of committed credit facilities, security deposits from customers to meet the obligations when due. Management monitors rolling forecasts of liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, liquidity management also involves projecting cash flows considering level of liquid assets necessary to meet obligations by matching the maturity profiles of financial assets & liabilities and monitoring balance sheet liquidity ratios.

The Company has incurred loss for the financial year ended March 31, 2024 of Rs. 468.85 million (Rs. 997.61 million for the financial year ended March 31, 2023) and as at that date, the current liabilities exceeded its current assets by Rs. 6,900.00 million (Rs. 4,093.42 million as at March 31, 2023). Management has undertaken initiatives to manage its liquidity position such as (a) maintaining the overall occupancy by retaining existing customers and utilising the security deposits which are classified as current liabilities; (b) shifting to bigger business centers for cost efficiency and higher revenue and (c) obtaining external borrowings and engaging in fund raising activities. Considering external funding arrangements with banks and other aforesaid initiatives, the management of the Company has concluded that it will have sufficient cash flows for operating the Company on a going concern basis.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The information included in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

| Particulars | Less than 1 year | 1 year – 5 years | More than 5 years | Total | Carrying Amount |
|---|------------------|------------------|-------------------|------------------|------------------|
| As at March 31, 2024 | | | | | |
| Non-interest bearing | | | | | |
| Trade payable | 1,216.23 | - | - | 1,216.23 | 1,216.23 |
| Other financial liabilities | 2,204.75 | 2,894.92 | - | 5,099.67 | 4,513.55 |
| Fixed interest rate instruments | | | | | |
| Borrowings (including interest) | 160.66 | 45.03 | - | 205.69 | 190.93 |
| Lease liabilities | 6,293.39 | 23,473.58 | 11,168.73 | 40,935.70 | 30,082.38 |
| Variable interest rate instruments | | | | | |
| Borrowings (including interest) | 2,072.60 | 2,619.93 | 134.56 | 4,827.09 | 4,082.57 |
| Total | 11,947.63 | 29,033.46 | 11,303.29 | 52,284.38 | 40,085.66 |
| As at March 31, 2023 | | | | | |
| Non-interest bearing | | | | | |
| Trade payable | 982.29 | - | - | 982.29 | 982.29 |
| Other financial liabilities | 1,710.05 | 2,320.80 | - | 4,030.85 | 3,596.55 |
| Fixed interest rate instruments | | | | | |
| Borrowings (including interest) | 120.34 | 98.31 | 0.10 | 218.75 | 213.35 |
| Lease liabilities | 5,644.68 | 23,786.90 | 20,318.45 | 49,750.03 | 33,976.22 |
| Variable interest rate instruments | | | | | |
| Borrowings (including interest) | 2,470.81 | 3,449.63 | - | 5,920.44 | 4,940.54 |
| Total | 10,928.17 | 29,655.64 | 20,318.55 | 60,902.36 | 43,708.95 |

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Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Standalone Financial Statements as at March 31, 2024
38.2.5. Fair value measurement

During the year ended March 31, 2024, the Company has made investment in certain mutual fund schemes which are measured at Fair Value through Profit and Loss (FVTPL). NAV available as on March 31, 2024 has been used to measure the investment and same is treated as Level 1 input.

38.2.6. Reconciliation of liabilities whose cash flow movements are disclosed as part of financing activities in the statement of cash flows:

| Balance sheet caption | Statement of cash flows line item | Opening balance | Cash flows (net) | Non - Cash items | | | Closing balance |
|--|--|-----------------|------------------|---|--------------------------------------|-------------------|-----------------|
| | | | | Addition on account of ROU (Net of termination) | Reclassification from trade payables | Other adjustments | |
| For the year ended March 31, 2024 | | | | | | | |
| Lease liabilities | Repayment of lease liabilities | 33,976.22 | (5,536.33) | 3,817.71 | 14.23 | (2,189.45) | 30,082.38 |
| Borrowings | Proceeds/repayments of borrowings (including short term except OD) | 4,195.34 | (364.50) | - | - | 18.31 | 3,849.15 |
| For the year ended March 31, 2023 | | | | | | | |
| Lease liabilities | Repayment of lease liabilities | 22,193.16 | (3,876.38) | 15,644.04 | 15.40 | - | 33,976.22 |
| Borrowings | Proceeds/repayments of borrowings (including short term except OD) | 1,930.64 | 2,306.94 | - | - | (42.24) | 4,195.34 |

39 Capital management

The purpose of the Company's capital management is to maintain an optimal capital structure to reduce the Cost of capital. Management monitors capital on the basis of the carrying amount of equity and net debt (adjusted for cash and cash equivalents) as presented on the face of balance sheet.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| Borrowings | 4,273.50 | 5,153.89 |
| Less: Cash and cash equivalents | (385.93) | (1,180.35) |
| Less: Bank deposits including accrued interest (includes under lien) | (486.89) | (1,230.99) |
| Less: Investment in mutual funds | (112.78) | - |
| Less: Security deposits (refer note 11.2 and 11.3) | (15.00) | - |
| Net Debt (A) | 3,272.90 | 2,742.55 |
| Total equity | 543.88 | 328.99 |
| Capital and net debt (B) | 3,816.78 | 3,071.54 |
| Gearing ratio (A/B) | 85.75% | 89.29% |

Notes:

39.1 Net debt does not include lease liabilities.

40 The Board of Directors of the Company have not declared any dividend and accordingly no apportionment has been made with respect to dividend for cumulative convertible preference shares amounting to Rs. 50.94 million (March 31, 2023 - Rs. 25.44 million and March 31, 2022 - Rs. 12.72 million).

41 The Company did not grant any loan or advance in the nature of loans to any of its promoters, directors, KMPs or other related parties, as defined under the Companies Act, 2013, in the current year and in the previous year.

42 Relationship with struck off companies

| Relationship with struck off Company | Nature of transactions | Name of struck off company | Balance outstanding as on March 31, 2024 | Balance outstanding as on March 31, 2023 |
|--------------------------------------|------------------------|---|--|--|
| Customer | Trade receivables | Estivus Overseas Management Private Limited | 0.04 | 0.04 |
| | | Invanto India Private Limited | 0.03 | 0.03 |
| Vendor | Trade payables | Chinni Beverages Private Limited | 0.15 | 0.03 |
| | | Aazain Infotech Private Limited | 0.04 | 0.02 |
| | Capital advances | Spcs Technologies India Private Limited | 0.24 | 0.22 |

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Notes forming part of the Standalone Financial Statements as at March 31, 2024

43 Ratios

| Ratio | Numerator | Denominator | March 31, 2024 | March 31, 2023 | % Variance | Remarks for variance more than 25% |
|---|--|--|----------------|----------------|------------|--|
| Current Ratio [no. of times] | Current assets | Current liabilities | 0.28 | 0.47 | (40.43%) | Decrease on account of reduction in working capital |
| Debt-equity ratio [no. of times]* | Non-current borrowings (+) current borrowings (-) cash and cash equivalents | Equity | 6.32 | 8.46 | (25.30%) | Decrease on account of reduction in borrowings and increase in equity due to fresh issue of shares |
| Debt service coverage ratio [no. of times] | Profit before depreciation, amortisation, finance costs, exceptional items and tax | Interest expenses (+) principal repayments of long-term debt (+) payment of lease liabilities | 0.69 | 0.63 | 8.86% | Not applicable |
| Return on equity ratio - [no. of times] | Loss for the year | Average equity | (1.08) | (1.36) | 20.59% | Not applicable |
| Trade receivables turnover ratio - [no. of times] | Revenue from operations | Average trade receivables | 74.17 | 57.63 | 28.71% | Increase on account of better realisation from customers |
| Trade payable turnover ratio - [no. of times] | Purchases of services and other expenses | Average trade payables | 3.00 | 3.41 | (12.10%) | Not applicable |
| Net capital turnover ratio - [no. of days] | Revenue from operations | Average working capital (i.e. current assets- current liabilities) | (1.89) | (2.05) | (7.80%) | Not applicable |
| Net profit ratio (%) | Loss for the year | Revenue from operations | -5% | -14% | 64.29% | Improved due to lower business losses |
| Return on capital employed (%) | Adjusted EBIT | Average capital employed** | 77% | 38% | 102.63% | Increase on account of increase in EBIT led by lower business losses |
| Return on investment (%) | Income generated from investments at FVTPL | Time weighted average investments at FVTPL | 7.81% | NA | NA | Not applicable |

* excluding lease liabilities

** Average capital employed = Average of (equity + net debt - current investments)

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Notes forming part of the Standalone Financial Statements as at March 31, 2024

44 Significant transactions / new developments

(i) The Board of Directors of Company vide its resolution dated March 6, 2024, had approved to examine and evaluate various modes of fund raising through issue of initial public offering ("IPO") of Equity Shares.

(ii) The Company has incorporated a new subsidiary in Singapore, i.e. Smartworks Space Pte. Ltd. (SSPL), on March 15, 2024. SSPL did not have any paid-up capital as at March 31, 2024. On May 24, 2024, SSPL has allotted 3 million shares (face value: SGD 1) for consideration of SGD 3 million to the Company. SSPL has not entered into any financial transaction during the year ended March 31, 2024.

45 Events occurring after reporting period

(i) Pursuant to the provisions of Section 18 of the Companies Act, 2013, read with Rule 33 of the Companies (Incorporation) Rules, 2014, as amended from time to time, and vide Shareholders' approval dated June 28, 2024, the Company is in the process of conversion from private limited to public limited.

(ii) Subsequent to year ended March 31, 2024, the Company has made a private placement of 3,716,551 equity shares (face value of Rs. 10 each) amounting Rs. 999.75 million and has issued 10,707 Class A cumulative convertible preference share (face value of Rs. 10 each) amounting Rs. 2.88 million.

(iii) On May 27, 2024, the Shareholders of the Company increased the authorised share capital of the Company to INR 1,300.00 million divided into 110,000,000 equity shares of INR 10/- each and 20,000,000 preference shares of INR 10/- each.

(iv) The Board of Directors of the Company vide their resolution dated May 16, 2024, approved an investment upto Rs. 22.50 million with Clean Max Enviro Energy Solutions Private Limited ("Cleanmax"), Karnataka. Pursuant to this, the Company entered into triparty shareholders agreement with Cleanmax and Clean Max Dos Private Limited (SPV created by Cleanmax) on June 14, 2024 for purchase of 25% stake (i.e. 2,500 equity shares of INR 10/- each) in Clean Max Dos Private Limited for a consideration of Rs. 0.025 million. Subsequent to this, on July 16, 2024, the shares of Clean Max Dos Private Limited were transferred in the name of the Company.

46 Other statutory information

(i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(iii) 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.

(iv) 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.

(v) The Company has not entered into any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(vi) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(vii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(viii) The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows :

(a) details of investments in subsidiaries made by the Company are disclosed in Note 9.

(b) details of loans given by the Company to subsidiaries are disclosed in Note 10.

(ix) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year.

For and on behalf of the Board of Directors of
Smartworks Coworking Spaces Private Limited

Sd/-

Sd/-

Neetish Sarda
Managing Director
DIN: 07262894
Place: Gurugram
Date: July 19, 2024

Harsh Binani
Wholetime Director
DIN: 07717396
Place: Gurugram
Date: July 19, 2024

Sd/-

Sd/-

Sahil Jain
Chief Financial Officer
Place: Kolkata
Date: July 19, 2024

Punam Dargar
Company Secretary
Place: Kolkata
Date: July 19, 2024

INDEPENDENT AUDITOR'S REPORT

To The Members of Smartworks Coworking Spaces Private Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of **Smartworks Coworking Spaces Private Limited** ("the Parent") and its subsidiaries, (the Parent Company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2024, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Loss), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended on that date, and notes to the financial statements, including a summary of material accounting policies and other explanatory information (herein referred to as "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of subsidiaries referred to in the Other Matters section below the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2024, and their consolidated loss, their consolidated total comprehensive loss, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing ("SAs") specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in the Other Matters section below is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

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

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the Consolidated Financial Statements, Standalone Financial Statements and our auditor's report thereon. The Director's Report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the consolidated financial statements does not cover the other information and will not express any form of assurance conclusion thereon.
- In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above when it becomes available, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the Consolidated Financial

Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by the other auditors.

- If, based on the work which we will perform, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive loss, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Parent, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intend to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

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

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

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls with reference to Consolidated Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 ability of the Group 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 Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the entities included in the Consolidated Financial Statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal financial controls that we identify during our audit.

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

Other Matters

We did not audit the financial statements of three subsidiaries whose financial statements reflect total assets of Rs.165.83 Mn as at March 31, 2024, total revenues of Rs.19.91 Mn and net cash outflows amounting to Rs. 0.43 Mn for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect

of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
 - b) In our opinion, proper books of account as required by law maintained by the Group including relevant records relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Loss, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
 - d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Parent as on March 31, 2024 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to Consolidated Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent incorporated in India whose audit under section 143 of the Act has been completed and procedures performed by us (as applicable). Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to Consolidated Financial Statements of those companies.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

in our opinion and to the best of our information and according to the explanations given to us and based on the auditor's reports of subsidiary companies incorporated in India, the Parent and said subsidiary companies being private companies for the year ended March 31, 2024, section 197 of the Act related to the managerial remuneration is not applicable.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i) The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 32 to the Consolidated Financial Statements;
- ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts - Refer Note 46(vii) to the Consolidated Financial Statements.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.
- iv) (a) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, no funds have been received by the Parent or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries shall, 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 provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v) The Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have not declared or paid any dividend during the year and have not proposed final dividend for the year.
- vi) Based on our examination which included test checks and based on the other auditor's reports of its subsidiary companies, incorporated in India whose financial statements have been audited under the Act, the Parent, its subsidiary companies incorporated in India have used accounting software for maintaining their respective books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software(s). Further, during the course of audit, we and respective other auditors, whose reports have been furnished to us by the Management of the Parent, have not come across any instance of the audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

2. With respect to the matters specified in Clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the audit report under section 143 issued by us and the auditors of respective companies included in the Consolidated Financial Statements, as provided to us by the Management of the Parent, we report that CARO is applicable only to the Parent and not to any other company included in the Consolidated Financial Statements. We have reported the following qualification or adverse remark in the CARO report of the Parent:

| Name of the company | CIN | Nature of relationship | Clause Number of CARO report with qualification or adverse remark |
|---|-----------------------|------------------------|---|
| Smartworks Coworking Spaces Private Limited | U74900DL2015PTC310656 | Parent Company | Clause 3(vii)(a) ¹ |

1. Statutory dues have been deposited with the appropriate authorities though there have been certain delays in deposit.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Sd/-

Nilesh H. Lahoti
Partner
(Membership No. 130054)
UDIN:

Place: Gurugram
Date: July 19, 2024

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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

In conjunction with our audit of the Consolidated Financial Statements of the Company as at and for the year ended March 31, 2024, we have audited the internal financial controls with reference to Consolidated Financial Statements of **Smartworks Coworking Spaces Private Limited** (hereinafter referred to as "Parent").

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Consolidated Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

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

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors referred to in the Other Matter paragraph below, the Parent, its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at March 31, 2024, based on the criteria for internal financial control with reference to Consolidated Financial Statements established by the respective companies considering the essential components of internal control stated in the Guidance Note.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Sd/-

Nilesh H. Lahoti
Partner
(Membership No. 130054)
UDIN:

Place: Gurugram
Date: July 19, 2024

Consolidated Balance Sheet as at March 31, 2024

| Particulars | Notes | As at March 31, 2024 | As at March 31, 2023 |
|--|-------|----------------------|----------------------|
| ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Property, plant and equipment | 4 | 9,638.61 | 8,292.88 |
| (b) Right-of-use assets | 5 | 24,402.60 | 28,947.10 |
| (c) Capital work-in-progress | 6 | 633.09 | 418.74 |
| (d) Intangible assets | 7 | 75.56 | 4.36 |
| (e) Intangible assets under development | 8 | 85.55 | 102.63 |
| (f) Financial assets | | | |
| (i) Investments | 9 | 112.78 | - |
| (ii) Other financial assets | 10 | 1,560.99 | 1,492.93 |
| (g) Deferred tax assets (net) | 11 | 1,172.11 | 995.95 |
| (h) Income tax assets (net) | 12 | 406.23 | 218.24 |
| (i) Other non-current assets | 13 | 731.73 | 652.83 |
| | | 38,819.25 | 41,125.66 |
| 2 Current assets | | | |
| (a) Financial assets | | | |
| (i) Trade receivables | 14 | 140.92 | 143.18 |
| (ii) Cash and cash equivalents | 15 | 387.60 | 1,182.43 |
| (iii) Other bank balances | 16 | 313.65 | 954.79 |
| (iv) Other financial assets | 10 | 486.75 | 140.53 |
| (b) Other current assets | 13 | 1,322.67 | 1,176.77 |
| | | 2,651.59 | 3,597.70 |
| (c) Assets classified as held for sale | 39 | - | 11.67 |
| | | 2,651.59 | 3,609.37 |
| 1+2 TOTAL | | 41,470.84 | 44,735.03 |
| EQUITY AND LIABILITIES | | | |
| 3 Equity | | | |
| (a) Equity share capital | 17 | 790.13 | 776.91 |
| (b) Other equity | 18 | (290.06) | (462.25) |
| Total equity | | 500.07 | 314.66 |
| Liabilities | | | |
| 4 Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Lease liabilities | | 26,295.10 | 31,400.62 |
| (ii) Borrowings | 19 | 2,397.48 | 2,998.29 |
| (iii) Other financial liabilities | 22 | 2,308.80 | 1,886.50 |
| (b) Provisions | 20 | 52.60 | 45.04 |
| (c) Other non-current liabilities | 23 | 366.76 | 272.88 |
| | | 31,420.74 | 36,603.33 |
| 5 Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Lease liabilities | | 3,787.28 | 2,575.60 |
| (ii) Borrowings | 19 | 1,876.02 | 2,155.60 |
| (iii) Trade payables | | | |
| - total outstanding dues of micro enterprises and small enterprises | 21 | 20.95 | 359.39 |
| - total outstanding dues of other than micro enterprises and small enterprises | 21 | 1,199.30 | 637.75 |
| (iv) Other financial liabilities | 22 | 2,227.59 | 1,747.32 |
| (b) Provisions | 20 | 9.60 | 6.18 |
| (c) Other current liabilities | 23 | 429.29 | 335.20 |
| | | 9,550.03 | 7,817.04 |
| 3+4+5 TOTAL | | 41,470.84 | 44,735.03 |

See accompanying notes forming part of the Consolidated Financial Statements (1-46)
As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm Registration Number: 117366 W/W-100018)

Sd/-

Nilesh H. Lahoti
Partner
Membership No: 130054
Place: Gurugram
Date: July 19, 2024

**For and on behalf of the Board of Directors of
Smartworks Coworking Spaces Private Limited**

Sd/-

Neetish Sarda
Managing Director
DIN: 07262894
Place: Gurugram
Date: July 19, 2024

Sd/-

Harsh Binani
Wholetime Director
DIN: 07717396
Place: Gurugram
Date: July 19, 2024

Sd/-

Sahil Jain
Chief Financial Officer
Place: Kolkata
Date: July 19, 2024

Sd/-

Punam Dargar
Company Secretary
Place: Kolkata
Date: July 19, 2024

Smartworks Coworking Spaces Private Limited

(All amounts are in millions of Indian Rupees, except per share data)

Consolidated Statement of Profit and Loss for the year ended March 31, 2024

| Particulars | Notes | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|-------|--------------------------------------|--------------------------------------|
| REVENUE | | | |
| 1 Revenue from operations | 24 | 10,393.64 | 7,113.92 |
| 2 Other income | 25 | 737.46 | 326.78 |
| 3 Total revenue (1+2) | | 11,131.10 | 7,440.70 |
| EXPENSES | | | |
| (a) Operating expenses | 26 | 3,029.41 | 2,200.24 |
| (b) Employee benefits expense | 27 | 496.08 | 408.37 |
| (c) Finance costs | 28 | 3,283.18 | 2,366.56 |
| (d) Depreciation and amortisation expenses | 29 | 4,727.20 | 3,562.46 |
| (e) Other expenses | 30 | 271.45 | 265.33 |
| 4 Total expenses | | 11,807.32 | 8,802.96 |
| 5 Loss before tax (3-4) | | (676.22) | (1,362.26) |
| Tax expense/ (credit) | | | |
| (a) Current tax | 11 | - | - |
| (b) Deferred tax | 11 | (176.65) | (351.80) |
| 6 Total tax credit | | (176.65) | (351.80) |
| 7 Loss for the year (5-6) | | (499.57) | (1,010.46) |
| 8 Other comprehensive income/(loss) | | | |
| Items that will not be reclassified to profit or loss | | | |
| - Re-measurement of the defined benefit plans | | 1.73 | 0.35 |
| - Tax related to above item | 11 | (0.49) | (0.09) |
| Total other comprehensive income for the year (net of tax) | | 1.24 | 0.26 |
| 9 Total comprehensive loss for the year (7+8) | | (498.33) | (1,010.20) |
| Loss for the year attributable to: | | | |
| Owners of the parent | | (499.57) | (1,010.46) |
| Other comprehensive Income/(loss) income for the year | | | |
| Owners of the parent | | 1.24 | 0.26 |
| Total comprehensive loss for the year attributable to: | | | |
| Owners of the parent | | (498.33) | (1,010.20) |
| Loss per share (face value of Rs. 10 each) | | | |
| Basic | 31 | (5.18) | (10.57) |
| Diluted | 31 | (5.18) | (10.57) |

See accompanying notes forming part of the Consolidated Financial Statements (1-46)

As per our report of even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm Registration Number: 117366 W/W-100018)

Sd/-

Nilesh H. Lahoti

Partner

Membership No: 130054

Place: Gurugram

Date: July 19, 2024

**For and on behalf of the Board of Directors of
Smartworks Coworking Spaces Private Limited**

Sd/-

Sd/-

Neetish Sarda

Managing Director

DIN: 07262894

Place: Gurugram

Date: July 19, 2024

Harsh Binani

Wholetime Director

DIN: 07717396

Place: Gurugram

Date: July 19, 2024

Sd/-

Sd/-

Sahil Jain

Chief Financial Officer

Place: Kolkata

Date: July 19, 2024

Punam Dargar

Company Secretary

Place: Kolkata

Date: July 19, 2024

Smartworks Coworking Spaces Private Limited

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

Consolidated Statement of Cash Flows for the period ended March 31, 2024

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Cash flows from operating activities: | | |
| Loss before tax | (676.22) | (1,362.26) |
| Adjustments for: | | |
| - Depreciation and amortization expenses | 4,727.20 | 3,562.46 |
| - Finance cost | 3,283.18 | 2,365.09 |
| - Revenue equalization reserve | (100.36) | (228.77) |
| - Interest income | (361.74) | (212.15) |
| - Liability/provision no longer required written back | (14.32) | (36.34) |
| - Gain on lease termination/reassessment | (310.86) | (68.89) |
| - Gain on fair valuation of investment in mutual fund | (4.28) | - |
| - Property, plant & equipments written off | 52.22 | 62.63 |
| - (Profit)/loss on sale of property, plant & equipment | 0.49 | (1.42) |
| - Others | 21.42 | 15.08 |
| Operating profit before working capital changes | 6,616.73 | 4,095.43 |
| Changes in working capital | | |
| - Trade receivables | (5.47) | (48.94) |
| - Trade payables | 237.43 | 548.51 |
| - Provisions | (5.34) | - |
| - Other financial and non-financial liabilities | 1,098.76 | 1,579.83 |
| - Other financial and non-financial assets | (321.19) | (829.04) |
| Cash generated from operating activities before tax | 7,620.92 | 5,345.79 |
| Income tax paid (net) | (187.92) | (27.47) |
| Net cash flow generated from operating activities | (A) 7,433.00 | 5,318.32 |
| Cash flow from investing activities | | |
| - Purchase of property plant and equipments, intangible assets and capital work-in-progress | (2,663.42) | (3,246.16) |
| - Sale of property plant and equipments (including sale and lease-back) | 31.84 | 282.61 |
| - Investment in mutual funds | (108.50) | - |
| - Proceeds from/ (investment in) bank deposits not considered as cash and cash equivalents | 739.66 | (157.53) |
| - Interest received | 78.83 | 54.78 |
| Net cash used in investing activities | (B) (1,921.59) | (3,066.30) |
| Cash flow from financing activities | | |
| - Proceeds from long term borrowings | 1,575.20 | 3,718.98 |
| - Repayment of long term borrowings | (1,868.45) | (1,145.01) |
| - Repayment of short term borrowings (net) | (71.25) | (267.03) |
| - Proceeds from issue of equity shares and share warrants | 355.62 | 183.96 |
| - Proceeds from issue of cumulative convertible preference shares | 328.12 | - |
| - Interest paid | (537.48) | (281.91) |
| - Interest paid on lease liabilities | (2,498.10) | (1,970.39) |
| - Other borrowing cost paid | (17.23) | (38.42) |
| - Payment of principal portion of lease liabilities | (3,038.23) | (1,905.99) |
| Net cash used in financing activities | (C) (5,771.80) | (1,705.81) |
| Net (decrease)/ increase in cash and cash equivalents | (A+B+C) (260.39) | 546.21 |
| Cash and cash equivalents at the beginning of the year | 223.64 | (322.57) |
| Cash and cash equivalents at the end of the year (refer note 15.2) | (36.75) | 223.64 |

The above Consolidated Statement of Cash Flows has been prepared under the 'indirect method' as set out in Ind AS 7 'Statement of Cash Flows'.

See accompanying notes forming part of the Consolidated Financial Statements (1-46)

As per our report of even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm Registration Number: 117366 W/W-100018)

Sd/-

Nilesh H. Lahoti

Partner

Membership No: 130054

Place: Gurugram

Date: July 19, 2024

For and on behalf of the Board of Directors of
Smartworks Coworking Spaces Private Limited

Sd/-

Neetish Sarda

Managing Director

DIN: 07262894

Place: Gurugram

Date: July 19, 2024

Sd/-

Harsh Binani

Wholetime Director

DIN: 07717396

Place: Gurugram

Date: July 19, 2024

Sd/-

Sahil Jain

Chief Financial Officer

Place: Kolkata

Date: July 19, 2024

Sd/-

Punam Dargar

Company Secretary

Place: Kolkata

Date: July 19, 2024

Smartworks Coworking Spaces Private Limited

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

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

a. Equity share capital

| Particulars | Amount |
|-----------------------------|---------------|
| As at April 1, 2022 | 771.96 |
| Issued during the year | 4.95 |
| As at March 31, 2023 | 776.91 |
| Issued during the year | 13.22 |
| As at March 31, 2024 | 790.13 |

b. Other equity

| Particulars | Instruments classified as equity (refer note 18) | Reserves and surplus | | Share application money pending allotment | Money received against share warrants | Total |
|--|--|----------------------|-------------------|---|---------------------------------------|-----------------|
| | | Securities premium | Retained earnings | | | |
| As at April 1, 2022 | 183.80 | 2,032.30 | (1,847.16) | - | - | 368.94 |
| Issue of share warrants convertible into equity shares | - | 176.88 | - | - | 2.13 | 179.01 |
| Loss for the year | - | - | (1,010.46) | - | - | (1,010.46) |
| Re-measurement of defined benefit plan (net of tax) | - | - | 0.26 | - | - | 0.26 |
| As at March 31, 2023 | 183.80 | 2,209.18 | (2,857.36) | - | 2.13 | (462.25) |
| Issue of equity shares | - | 342.40 | - | 0* | - | 342.40 |
| Issue of cumulative convertible preference shares | 12.20 | 315.92 | - | - | - | 328.12 |
| Loss for the year | - | - | (499.57) | - | - | (499.57) |
| Re-measurement of defined benefit plan (net of tax) | - | - | 1.24 | - | - | 1.24 |
| As at March 31, 2024 | 196.00 | 2,867.50 | (3,355.69) | 0* | 2.13 | (290.06) |

* amount less than five thousand are appearing as '0'.

See accompanying notes forming part of the Consolidated Financial Statements (1-46)

As per our report of even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm Registration Number: 117366 W/W-100018)

Sd/-

Nilesh H. Lahoti

Partner

Membership No: 130054

Place: Gurugram

Date: July 19, 2024

For and on behalf of the Board of Directors of

Smartworks Coworking Spaces Private Limited

Sd/-

Neetish Sarda

Managing Director

DIN: 07262894

Place: Gurugram

Date: July 19, 2024

Sd/-

Harsh Binani

Wholetime Director

DIN: 07717396

Place: Gurugram

Date: July 19, 2024

Sd/-

Sahil Jain

Chief Financial Officer

Place: Kolkata

Date: July 19, 2024

Sd/-

Punam Dargar

Company Secretary

Place: Kolkata

Date: July 19, 2024

1. CORPORATE INFORMATION

Smartworks Coworking Spaces Private Limited ('the Parent') (CIN - U74900DL2015PTC310656) is domiciled and incorporated in India as a private limited company. The Registered office of the Company is situated at Unit No. 305-310, Plot No. 9, 10 & 11, Vardhman Trade Centre, Nehru Place, New Delhi - 110019. The Parent Company is engaged in the business of developing and licensing fully serviced office spaces. The Parent Company together with its four subsidiaries herein referred to as "the Group". Refer note 45 for details of investment in subsidiaries.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1. Basis of preparation and presentation

These Consolidated Financial Statements ("Financial Statements") have been prepared to comply in all material respects with the Indian Accounting Standards ('Ind AS') as notified by the Ministry of Corporate Affairs ('MCA') under section 133 of the Companies Act, 2013 ('Act'), read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other accounting principles generally accepted in India.

The Financial Statements are approved for issue by the Parent Company's Board of Directors on July 19, 2024

The Consolidated Financial Statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and Division II of Schedule III (as amended) to the Act to the extent applicable. Further, for the purpose of clarity, various items are aggregated in the Consolidated Balance Sheet ('Balance Sheet'), Consolidated Statement of Profit and Loss ('Statement of Profit and Loss'), Consolidated Cash Flow ('Statement of Cash Flows') and Consolidated Statement of Changes in Equity ('Statement of Changes in Equity'). Nonetheless, these items are disaggregated separately in the notes to the Financial Statements, where applicable or required.

All the amounts included in the Financial Statements are reported in millions of Indian Rupee ('Rupee' or '₹') and are rounded off to the nearest million, except per share data and unless stated otherwise. Further, due to rounding off, certain amounts are appearing as '0'.

The preparation of the said Financial Statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the Group's accounting policies. The areas where estimates are significant to the Financial Statements, or areas involving a higher degree of judgement or complexity, are disclosed in note 3.

The accounting policies, as set out in the following paragraphs of this note, have been consistently applied, by the Group, to all the periods presented in the said Financial Statements, except in case of adoption of any new standards and amendments during the year.

To provide more reliable and relevant information about the effect of certain items in the Balance Sheet and Statement of Profit and Loss, the Group has changed the classification of certain items.

The Financial Statements have been prepared on the accrual and going concern basis, and the historical cost convention except where the Ind AS requires a different accounting treatment.

Current versus non-current classification

The Group presents assets and liabilities based on current/ non-current classification.

Assets:

An asset is treated as current when it is:

- i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- ii) Held primarily for the purpose of trading
- iii) Expected to be realised within twelve months after the reporting period, or
- iv) 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.

Liabilities:

A liability is current when:

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

All other liabilities are classified as non-current.

Deferred tax assets and liabilities, and all other assets and liabilities which are not current (as discussed in the above paragraphs) are classified as non-current assets and liabilities.

Operating cycle:

All assets and liabilities have been classified as current or non-current as per the Group's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the rendering of service and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

Fair value measurement

Fair value is the price at the measurement date, at which an asset can be sold or a liability can be transferred, in an orderly transaction between market participants. The Group's accounting policies require, measurement of certain financial instruments at fair values (either on a recurring or non-recurring basis).

The Group is required to classify the fair valuation method of the financial assets and liabilities, either measured or disclosed at fair value in the Financial Statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement). Accordingly, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.2. Basis of consolidation

The Parent company consolidates entities which it controls. The Consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. Control exists when the parent has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date the control commences until the date control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-Group balances and transactions including unrealised gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. NCI which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Company, are excluded.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as a transaction with equity holders. Any difference between the amount of the adjustment to NCI and any consideration exchanged is recognised in 'Retained earnings', a component of equity.

2.3. Amendments to Ind AS

2.3.1. New amendments adopted during the year

MCA vide notification no. G.S.R. 242(E) dated March 23, 2023 has issued the Companies (Indian Accounting Standards) Amendment Rules, 2023 which amends following Ind AS (as applicable to the Group):

- Ind AS 107, Financial Instruments: Disclosures
- Ind AS 109, Financial Instruments
- Ind AS 115, Revenue from Contracts with Customers
- Ind AS 1, Presentation of Financial Statements
- Ind AS 12, Income Taxes
- Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors

The amendments are applicable for annual periods beginning on or after April 1, 2023, however, these do not have material impact on the Financial Statements of the Group.

2.3.2. Amendments to Ind AS issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

2.4. Functional and presentation currency

The Financial Statements are presented in Indian rupees, which is the functional currency of the Group and the currency of the primary economic environment in which the Group operates.

2.5. Use of estimates and judgement

The preparation of Financial Statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. (refer note 3)

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

2.6 Revenue recognition

2.6.1. Operating revenue

Revenue from operation includes rental revenue for use of co-working space, related ancillary services and software fees.

Revenue from leased out co-working space under an operating lease is recognized on a straight line basis over the non- cancellable period ('Lease Term for Revenue'), except where there is an uncertainty of ultimate collection. After Lease Term for Revenue or where there is no non-cancellable period, rental revenue is recognized as and when services are rendered on a monthly basis as per the contractual terms prescribed under agreement entered with customers. Initial direct costs, such as commissions, incurred by the Group in negotiating and arranging a lease are deferred and allocated to income over the Lease Term for Revenue, which has been presented as 'Prepayments' in Balance Sheet.

Revenue from contracts with customers for ancillary services (such as meeting room charges, one-time setup costs, parking charges, internet fees, electricity charges, etc.) and software fees is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Unbilled revenue represents revenues recognized after the last invoice raised to customer to the period end. These are billed in subsequent periods based on the prices specified in the agreement with the customers. The Group presents service revenue net of indirect taxes in its Consolidated Statement of Profit and Loss.

2.6.2. Other income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

On disposal of an investment, the difference between the carrying amount and the disposal proceeds, net of expenses, is recognized in the Consolidated Statement of Profit and Loss.

2.7 Leases

2.7.1 Group as a lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. 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.

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

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. Depreciation is computed using the straight-line method from the commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is shorter. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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 that commensurate with the lease term (refer note 3.1.1). Subsequently, lease liabilities are measured at amortized cost using the effective interest method and remeasured to reflect any reassessment of options or lease modifications, or to reflect changes in lease payments, with a corresponding adjustment to the ROU asset or Statement of Profit and Loss if the ROU asset has been reduced to zero.

Asset retirement obligation is determined at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular right-of-use asset on initial recognition.

2.7.2 Group as a lessor

Refer Note 2.6.1

2.8 Foreign currency transactions and balances

Transactions in currencies other than the Group's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

2.9 Employee benefits

Group's employee benefit mainly includes wages, salaries, bonuses, defined contribution absences and defined benefit plans. The employee benefits are recognised in the year in which the associated services are rendered by the Group employees. Short term employee benefits are recognised in Statement of Profit and Loss at undiscounted amounts during the period in which the related services are rendered.

2.9.1 Short-term benefits

Liabilities for salaries, including non-monetary benefits (such as compensated absences) 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.

2.9.2 Long term benefits

Compensated absences

Compensated absences in form of earned leave 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. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

2.9.3 Post-employment obligations

Defined benefit plans

The Group has defined benefit plan namely gratuity. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Group presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated balance sheet.

The defined benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Defined contribution plans

The Group has defined contribution plans for post-employment benefit namely the provident fund and employee state insurance scheme. The Group's contribution thereto is charged to the statement of profit and loss every year. The Group has no further obligations under these plans beyond its periodic contributions.

2.10 Finance costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

2.11 Taxation

Income tax expense represents the sum of the current tax and deferred tax.

2.11.1 Current tax

The current tax is based on taxable profit for the year. Taxable profit differs from 'Profit Before Tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates applicable for the respective period.

2.11.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and their tax bases. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and incurred tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

2.11.3 Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

2.12 Property, plant and equipment ('PPE')

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Cost comprises of the purchase price including freight and non-refundable taxes, and directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management.

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use (refer note 2.10)

Cost incurred for expected fit-out period is capitalised as part of leasehold improvement, as this cost is attributable to bring the asset in necessary condition for its intended use. (refer note 3)

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

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

2.12.1 Depreciation method, estimated useful lives and residual value

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Residual value is estimated to be five percent of total cost of asset, except for certain leasehold improvement and electrical equipment classes of assets where it is estimated to be nil. Depreciation on property, plant and equipment is computed using the straight-line method over the estimated useful lives. The management basis its past experience and technical assessment has estimated the useful lives, which is at variance with the life prescribed in Part C of Schedule II to the Act and has accordingly, depreciated the assets over such useful lives. The Group has established the estimated range of useful lives for different categories of property, plant and equipment as follows :

| Categories | Useful life |
|--|---|
| Leasehold improvement | Lease term or 10 years, whichever is less |
| Electrical installations and equipment | 10 |
| Plant and equipment | 15 |
| Furniture and fixtures | 3-10 |
| Vehicles | 8-10 |
| Computer and data processing unit | 3-6 |
| Office equipment | 3-10 |

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at least as at each financial year end so as to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives, residual values and / or depreciation method are accounted prospectively, and accordingly the depreciation is calculated over the PPE's remaining revised useful life.

2.12.2 Derecognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains / (losses).

2.12.3 Capital work in progress

Capital work in progress is stated at cost less impairment losses. Such expenditure includes the cost of materials and goods purchased or acquired with the intention of creating any capital asset and the project site and cost incurred for expected fit-out period which is attributed to the PPE.

2.13 Intangible assets

2.13.1 Initial measurement

Software (both purchased and internally generated) which is not an integral part of related hardware, is treated as intangible asset and stated at cost on initial recognition and subsequently measured at cost less accumulated amortization and accumulated impairment loss, if any.

2.13.2 Internally-generated intangible assets

Expenditure on research activities for internally generated intangible assets is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure on direct salary incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

2.13.3 Subsequent measurement

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the cost incurred will flow to the Group and the cost of the item can be measured reliably. All other expenditure is recognised in the Statement of Profit and Loss.

2.13.4 Derecognition policy

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

2.13.5 Amortisation method and periods

Intangible assets i.e. software are amortised on a straight line basis over its estimated useful life i.e. 3 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.14 Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.15 Provisions and contingencies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Asset retirement obligations (ARO) are provided for those operating lease arrangements where the Group has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease.

Asset retirement obligation are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted using incremental borrowing rate that reflects the risks specific to the site restoration obligation. The unwinding of the discount is expensed as incurred and recognized in the Consolidated Statement of Profit and Loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.16 Financial instruments

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

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

2.17 Financial assets

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

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

2.17.1 Classification of financial assets

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

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

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. Investments in debt mutual funds are measured at fair value through profit or loss as per the business model and contractual cash flow test.

2.17.2 Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for trade receivables that do not constitute a financing transaction. For other financial assets carried at amortised cost the Group assesses, on a forward looking basis, the expected credit losses associated with such assets and recognises the same in profit or loss.

2.17.3 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments, other than which are liened against borrowings, 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.

2.17.4 Derecognition of financial assets

The Group derecognises financial assets in accordance with the principles of Ind AS 109 which usually coincides receipt of payment or write off of the financial asset.

2.18 Financial liabilities and equity instruments

2.18.1 Classification of debt or equity

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

2.18.2 Equity instruments

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

2.18.3 Financial liabilities

Classification : The Group classifies all financial liabilities as subsequently measured at amortised cost.

Initial recognition and measurement : 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.

Loans and borrowings : After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the Consolidated Statement of Profit and Loss when the liabilities are derecognised. Amortised cost is calculated by taking into account any discount or premium on acquisition and transactions costs. The EIR amortisation is included as finance costs in the Consolidated Statement of Profit and Loss.

2.18.4 Foreign exchange gains and losses

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

2.18.5 Derecognition of financial liabilities

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

2.19 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) attributable to the shareholders of the Group by the weighted average number of equity shares outstanding during the year.

Equity shares which are issuable upon the satisfaction of certain conditions resulting from contractual arrangements / shareholder agreement are considered outstanding and included in the computation of basic earnings per share from the date when all necessary conditions under the contract have been satisfied as on balance sheet date.

Diluted EPS is computed by adjusting, the profit/ (loss) for the year attributable to the shareholders and the weighted average number of shares considered for deriving Basic EPS, for the effects of all the shares that could have been issued upon conversion of all dilutive potential shares. The dilutive potential shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Further, the dilutive potential shares are deemed converted as at beginning of the period, unless issued at a later date during the period.

2.20 Investments

Long-term investments (investment in subsidiaries) are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

On disposal of an investment, the difference between the carrying amount and the disposal proceeds, net of expenses, is recognised in the Standalone Statement of Profit and Loss. When disposing of a part of the holding of an individual investment, the carrying amount to be allocated to that part is to be determined on the basis of the average carrying amount of the total investment.

2.21 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and sale is considered highly probable. A sale is considered as highly probable when decision has been made to sell, assets are available for immediate sale in its present condition, assets are being actively marketed and sale has been agreed or is expected to be concluded within 12 months of the date of classification.

Non-current assets held for sale are neither depreciated nor amortised.

Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less cost of disposal and are presented separately in the Balance Sheet.

3 KEY SOURCES OF ESTIMATION UNCERTAINTIES AND CRITICAL JUDGEMENTS

In applying the Group's accounting policies, which are described in note 2 above, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying the Group's accounting policies

3.1.1 Lease term

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain.

The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Group's operations taking into account the location of the underlying building and the availability of suitable alternatives. The Group has ascertained lease term as non-cancellable term.

3.1.2 Capitalisation of fit out period

Cost (depreciation on Right of Use asset, interest expense of lease liability, electricity charges, building maintenance charges, housekeeping & security charges, project and design related employee cost) for the expected fit-out period is capitalised as part of leasehold improvement, considering, this cost is attributable to bring the asset in necessary condition for its intended use. The fit out period has been determined by the management basis the historical experience and the size and complexities involved for development of property to make them available for intended use.

3.1.3 Incremental borrowing rate

The initial recognition of lease liabilities at present value requires the identification of an appropriate discount rate. The Group has determined the incremental borrowing rate based on considerations specific to the leases by taking consideration of the risk free borrowing rates as adjusted for country / Group specific risk premiums (basis the readily available data points). The Group is considering fixed deposit rates as appropriate discount rates to get fair value of financials assets.

3.2 Key sources of estimation uncertainty

3.2.1 Taxes

Deferred tax assets are recognised for the unused tax losses for which there is probability of utilisation against the future taxable profit. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments. (Refer Note 11)

3.2.2 Useful life of property, plant and equipment

As described at note 2.12.1 above, the Group reviews the estimated useful lives of PPE at the end of each reporting period. After considering market conditions, industry practice, technological developments and other factors, the Group determined that the current useful lives of its PPE remain appropriate. Uncertainties in these estimate relate to technical and economic obsolescence that may change the utility of assets.

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Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Consolidated Financial Statements as at March 31, 2024
4. Property, plant and equipment

| Particulars | Leasehold improvement | Electrical installations/equipment | Plant and equipment | Furniture and fixtures | Vehicles | Computers and data processing units | Office equipment | Total |
|---|-----------------------|------------------------------------|---------------------|------------------------|--------------|-------------------------------------|------------------|------------------|
| Gross carrying value | | | | | | | | |
| As at April 1, 2022 | 2,054.04 | 528.03 | 584.51 | 1,768.13 | 7.09 | 242.04 | 77.46 | 5,261.30 |
| Additions | 2,909.39 | 428.33 | 403.20 | 1,640.21 | 14.12 | 150.40 | 79.47 | 5,625.12 |
| Disposals/adjustments | (105.29) | (43.47) | (6.91) | (55.97) | - | (1.62) | (3.51) | (216.77) |
| Reclassified as held for sale | (2.57) | (1.40) | (0.69) | (6.78) | - | (0.93) | (0.01) | (12.38) |
| Sale and leaseback | - | - | (79.41) | (199.47) | - | (16.62) | (5.37) | (300.87) |
| As at March 31, 2023 | 4,855.57 | 911.49 | 900.70 | 3,146.12 | 21.21 | 373.27 | 148.04 | 10,356.40 |
| Additions | 1,333.80 | 257.17 | 288.25 | 910.49 | 13.39 | 94.08 | 40.01 | 2,937.19 |
| Disposals/adjustments | (146.98) | (2.08) | (6.90) | (112.60) | - | (8.30) | (29.82) | (306.68) |
| As at March 31, 2024 | 6,042.39 | 1,166.58 | 1,182.05 | 3,944.01 | 34.60 | 459.05 | 158.23 | 12,986.91 |
| Accumulated depreciation | | | | | | | | |
| As at April 1, 2022 | 577.86 | 114.18 | 75.29 | 388.54 | 1.79 | 100.98 | 36.09 | 1,294.73 |
| Depreciation | 414.03 | 74.10 | 46.41 | 258.62 | 1.82 | 49.21 | 19.71 | 863.90 |
| Disposals/adjustments | (28.67) | (15.52) | (1.70) | (24.21) | - | (1.24) | (2.92) | (74.26) |
| On assets reclassified as held for sale | (0.21) | (0.06) | (0.02) | (0.32) | - | (0.10) | - | (0.71) |
| Sale and leaseback | - | - | (4.85) | (12.11) | - | (2.21) | (0.97) | (20.14) |
| As at March 31, 2023 | 963.01 | 172.70 | 115.13 | 610.52 | 3.61 | 146.64 | 51.91 | 2,063.52 |
| Depreciation | 860.74 | 103.99 | 70.35 | 394.63 | 3.07 | 63.06 | 25.48 | 1,521.32 |
| Disposals/adjustments | (159.93) | (0.59) | (3.61) | (47.54) | - | (6.47) | (18.40) | (236.54) |
| As at March 31, 2024 | 1,663.82 | 276.10 | 181.87 | 957.61 | 6.68 | 203.23 | 58.99 | 3,348.30 |
| Net carrying value | | | | | | | | |
| As at March 31, 2023 | 3,892.56 | 738.79 | 785.57 | 2,535.60 | 17.60 | 226.63 | 96.13 | 8,292.88 |
| As at March 31, 2024 | 4,378.57 | 890.48 | 1,000.18 | 2,986.40 | 27.92 | 255.82 | 99.24 | 9,638.61 |

Note:

4.1. Refer note 19 for hypothecation / lien.

4.2. Refer note 32 of contractual commitment for acquisition of property, plant and equipment.

4.3. Property, plant and equipment are provided for coworking spaces to customers on lease except for vehicles and certain other assets.

4.4. The Group has capitalised borrowing cost of Rs. 26.87 million and Rs. 27.64 million during the year ended March 31, 2024 and March 31, 2023 respectively. The rate used to determine the amount of borrowing costs eligible for capitalisation is 13.75% (general borrowing) and 10.84% (general borrowing) for the year ended March 31, 2024 and March 31, 2023 respectively.

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Consolidated Financial Statements as at March 31, 2024
5. Right-of-use assets

| Particulars | Building | Equipment/furniture and fixtures | Total |
|---|------------------|----------------------------------|------------------|
| As at April 1, 2022 | 19,215.84 | 91.64 | 19,307.48 |
| Additions during the period | 13,208.37 | 123.66 | 13,332.03 |
| Adjustments during the period | 66.86 | - | 66.86 |
| Disposal during the year | (269.21) | - | (269.21) |
| Depreciation - capitalisation of fit out period | (795.04) | - | (795.04) |
| Depreciation for the year | (2,619.37) | (75.65) | (2,695.02) |
| As at March 31, 2023 | 28,807.45 | 139.65 | 28,947.10 |
| Additions during the period | 4,339.02 | - | 4,339.02 |
| Adjustments during the period | (4,859.13) | 15.14 | (4,843.99) |
| Disposal during the year | (316.77) | - | (316.77) |
| Depreciation - capitalisation of fit out period | (536.62) | - | (536.62) |
| Depreciation for the year | (3,166.64) | (19.50) | (3,186.14) |
| As at March 31, 2024 | 24,267.31 | 135.29 | 24,402.60 |

5.1. Building include property taken from landlords for developing co-working spaces along with guest houses and related fit-out cost.

5.2. Equipment majorly comprises of UPS and electronic/electrical equipment taken on lease.

5.3. The Group periodically reassesses the lease term for its lease arrangements. Lease reassessment involves re-evaluating any options to extend or terminate the lease considering factors such as the importance of the underlying asset to the Group's operations taking into account the location and size of the underlying building and the availability of suitable alternatives. During the year ended March 31, 2024, the Group has reassessed lease term for certain properties to non-cancellable period. Pursuant to this, Lease liabilities are remeasured to reflect change in lease term with a corresponding adjustment to the Right of Use (ROU) asset or Statement of Profit and Loss, if the ROU asset has been reduced to zero.

5.4. Amounts recognised in profit or loss

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Expenses relating to short-term leases | 95.02 | 17.71 |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | 21.34 | 22.92 |

5.5. Total cash flow for leases

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Cash outflow included in financing activity for repayment of principal during the year | 3,038.23 | 1,905.99 |
| Cash outflow included in financing activity for repayment of interest during the year | 2,498.10 | 1,970.39 |
| Total cash outflow for lease payment | 5,536.33 | 3,876.38 |

5.6. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date

Maturity analysis:

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| Not later than one year | 6,293.39 | 5,644.68 |
| Later than one year but not later than five years | 23,473.58 | 23,786.90 |
| Later than five years | 11,168.73 | 20,318.45 |
| Total | 40,935.70 | 49,750.03 |

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Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Consolidated Financial Statements as at March 31, 2024**6. Capital work-in-progress****Capital work-in-progress ageing schedule****As at March 31, 2024**

| Particulars | Amount of capital work-in-progress for a period of | | | | Total |
|----------------------|--|-----------|-----------|-------------------|--------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 633.09 | - | - | - | 633.09 |

As at March 31, 2023

| Particulars | Amount of capital work-in-progress for a period of | | | | Total |
|----------------------|--|-----------|-----------|-------------------|--------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 418.74 | - | - | - | 418.74 |

Note:

6.1. For capital-work-in-progress, there are no projects whose completion is overdue or has exceeded its cost compared to its original plan as of March 31, 2024 and March 31, 2023.

6.2. The Group has capitalised borrowing cost of Rs. 3.54 million and Rs. 3.06 million during the year ended March 31, 2024 and March 31, 2023 respectively. The rate used to determine the amount of borrowing costs eligible for capitalisation is 13.75% (general borrowing) and 10.84% (general borrowing) for the year ended March 31, 2024 and March 31, 2023 respectively.

7. Intangible assets

| Particulars | Software |
|---------------------------------|---------------|
| Gross carrying value | |
| As at April 1, 2022 | 11.30 |
| Additions | 1.92 |
| Disposals | - |
| As at March 31, 2023 | 13.22 |
| Additions | 90.94 |
| Disposals | - |
| As at March 31, 2024 | 104.16 |
| Accumulated amortisation | |
| As at April 1, 2022 | 5.32 |
| Amortisation | 3.54 |
| Disposals | - |
| As at March 31, 2023 | 8.86 |
| Amortisation | 19.74 |
| Disposals | - |
| As at March 31, 2024 | 28.60 |
| Net carrying value | |
| As at March 31, 2023 | 4.36 |
| As at March 31, 2024 | 75.56 |

Note:

7.1: Software includes accounting, business and administrative software.

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Consolidated Financial Statements as at March 31, 2024**8. Intangible assets under development**

| Particulars | As at March 31, 2024 | As at 31st March, 2023 |
|-----------------------------|----------------------|------------------------|
| Opening balance | 102.63 | 22.94 |
| Additions during the year | 73.40 | 79.69 |
| Capitalised during the year | (90.48) | - |
| Closing balance | 85.55 | 102.63 |

Note.**8.1 Intangible assets under development ageing schedule****As at March 31, 2024**

| Particulars | Amount in intangible assets under development for a period of | | | | Total |
|----------------------|---|-----------|-----------|-------------------|-------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 73.40 | 12.15 | - | - | 85.55 |

As at March 31, 2023

| Particulars | Amount in intangible assets under development for a period of | | | | Total |
|----------------------|---|-----------|-----------|-------------------|--------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 79.69 | 22.94 | - | - | 102.63 |

8.2 Intangible assets under development completion schedule

For Intangible assets under development, there are no projects whose completion is overdue or has exceeded its cost compared to its original plan as of March 31, 2024 and March 31, 2023.

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Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Consolidated Financial Statements as at March 31, 2024**9. Investments**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| At fair value through profit and loss (FVTPL) In Mutual funds (Quoted): | | |
| ABSL floating rate fund (49,078.10 Units) | 15.87 | - |
| ABSL corporate bond fund (128,115.28 Units) | 13.23 | - |
| ABSL government securities fund (135,016.90 Units) | 10.67 | - |
| ICICI prudential short term fund (796,763.49 Units) | 43.37 | - |
| SBI short term debt fund (1,020,132.87 Units) | 29.64 | - |
| Total | 112.78 | - |
| Aggregate carrying amount of quoted investments | 112.78 | - |
| Aggregate market value of quoted investments | 112.78 | - |

Note:**9.1** It includes lien of Rs. 108.50 million (March 31, 2023 - Rs. Nil).**10. Other financial assets**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| Non-current | | |
| Security deposits (refer note 10.2) | 1,424.30 | 1,257.72 |
| Bank deposits with more than 12 months maturity (refer note 10.1) | 136.69 | 235.21 |
| Total | 1,560.99 | 1,492.93 |
| Current | | |
| Security deposits (refer note 10.3) | 422.57 | 63.35 |
| Interest accrued on bank deposits | 37.19 | 40.99 |
| Unbilled revenue | 26.85 | 33.60 |
| Other receivable | 0.14 | 2.59 |
| | 486.75 | 140.53 |
| GST recoverable from customer | 4.62 | 4.62 |
| Allowance for recoverable | (4.62) | (4.62) |
| | - | - |
| Total | 486.75 | 140.53 |

Note:**10.1.** It includes deposits against lien/bank guarantee of Rs. 136.69 million (March 31, 2023 - Rs. 235.10 million).**10.2** It includes cash collateral, in relation to borrowings, amounting to Rs. 7.5 million (March 31, 2023 - Rs. Nil).**10.3** It includes cash collateral, in relation to borrowings, amounting to Rs. 7.5 million (March 31, 2023 - Rs. Nil).**10.4** Refer note 35 for unbilled revenue for related parties.

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Consolidated Financial Statements as at March 31, 2024
11. Income tax
The major components of income tax expense / (credit) are:

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Current income tax | | |
| - For the year | - | - |
| - For previous periods | - | - |
| Deferred tax | | |
| - Origination and reversal of temporary difference | (176.65) | (351.80) |
| Income tax expense / (credit) | (176.65) | (351.80) |

The reconciliation between the amount computed by applying the statutory income rates to the profit before tax and income tax expense is summarised below:

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Loss before tax | (676.22) | (1,362.26) |
| Enacted tax rates in India | 26.00% | 26.00% |
| Tax expense / (credit) | (175.82) | (354.19) |
| Effect of: | | |
| Adjustment in respect to previous years | - | - |
| Income / expense not taxable / deductible | (0.83) | 2.39 |
| Income tax expense / (credit) | (176.65) | (351.80) |

The analysis of deferred tax assets / liabilities is as follows:

| Particulars | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Closing balance |
|--|-----------------|---------------------------------|---|-----------------|
| As at March 31, 2024 | | | | |
| Deferred tax asset | | | | |
| Allowance for impairment of financial assets | 2.87 | 0.86 | - | 3.73 |
| Carry forward tax losses | 358.39 | 41.42 | - | 399.81 |
| Provision for employee benefits | 8.34 | 2.10 | (0.49) | 9.95 |
| Depreciation / amortisation on PPE / intangible assets | 12.84 | 49.34 | - | 62.18 |
| Provisions for asset retirement obligations | 5.09 | 1.13 | - | 6.22 |
| Provisions for contingencies and advances to vendors | 1.90 | 1.40 | - | 3.30 |
| Expenses allowed on payment basis | 3.57 | (3.57) | - | - |
| Financial instruments measured at amortised cost | - | 5.59 | - | 5.59 |
| Right of use and lease liabilities | 714.78 | 98.71 | - | 813.49 |
| | 1,107.78 | 196.98 | (0.49) | 1,304.27 |
| Deferred tax liability | | | | |
| Financial instruments measured at amortised cost | 5.77 | (5.77) | - | - |
| Revenue equalisation reserve | 106.06 | 26.10 | - | 132.16 |
| | 111.83 | 20.33 | - | 132.16 |
| Deferred tax asset (net) | 995.95 | 176.65 | (0.49) | 1,172.11 |

| Particulars | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Closing balance |
|--|-----------------|---------------------------------|---|-----------------|
| As at March 31, 2023 | | | | |
| Deferred tax asset | | | | |
| Allowance for impairment of financial assets | 5.71 | (2.84) | - | 2.87 |
| Carry forward tax losses | 236.93 | 121.46 | - | 358.39 |
| Provision for employee benefits | 5.16 | 3.27 | (0.09) | 8.34 |
| Depreciation / amortisation on PPE / intangible assets | 0.53 | 12.31 | - | 12.84 |
| Provisions for asset retirement obligations | 2.79 | 2.30 | - | 5.09 |
| Provisions for contingencies and advances to vendors | 1.01 | 0.89 | - | 1.90 |
| Expenses allowed on payment basis | - | 3.57 | - | 3.57 |
| Right of use and lease liabilities | 444.85 | 269.93 | - | 714.78 |
| | 696.98 | 410.89 | (0.09) | 1,107.78 |
| Deferred tax liability | | | | |
| Financial instruments measured at amortised cost | 6.15 | (0.38) | - | 5.77 |
| Revenue equalisation reserve | 46.59 | 59.47 | - | 106.06 |
| | 52.74 | 59.09 | - | 111.83 |
| Deferred tax asset (net) | 644.24 | 351.80 | (0.09) | 995.95 |

In line with accounting policy of the Group, deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward tax losses can be utilised and deferred tax asset (net) has been recognised only to the extent of reasonable certainty of available tax profits in future. The Group has considered committed revenues and letter of intents from customers up to the date of signing of financial statements and maintaining/increasing an overall occupancy for future periods based on historical trends in making its projected future taxable profits for the purpose of evaluating recognition of deferred tax.

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Consolidated Financial Statements as at March 31, 2024**12. Income tax assets**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| Non-current | | |
| Advance income tax (net of current tax provision- Nil (March 31, 2023: Nil)) | 406.23 | 218.24 |
| Total | 406.23 | 218.24 |

13. Other assets

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| Non-Current | | |
| Prepayments (refer note 13.1 below) | 330.25 | 294.43 |
| Revenue equalisation reserve (refer note 13.2 below) | 286.59 | 274.34 |
| Balance with government authorities | 31.53 | 18.37 |
| Capital advances (net of allowance Rs. 8.86 million (March 31, 2023 - Rs. 5.21 million)) | 83.36 | 65.69 |
| Total | 731.73 | 652.83 |

Current

| | | |
|--|-----------------|-----------------|
| Balance with government authorities | 667.77 | 672.74 |
| Prepayments (refer note 13.1 below) | 375.78 | 330.40 |
| Receivable from landlord | - | 3.54 |
| Revenue equalisation reserve (refer note 13.2 below) | 221.71 | 133.60 |
| Advance to suppliers (net of allowance Rs. 2.86 million (March 31, 2023 - Rs. 1.22 million)) | 50.91 | 17.68 |
| Other receivables | 6.50 | 18.81 |
| Total | 1,322.67 | 1,176.77 |

Note:

13.1. Prepayment includes the initial direct cost for obtaining lessee for operating lease. The movement of such initial direct cost is as follows:

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|------------------------|--------------------------------------|--------------------------------------|
| Opening balance | 559.75 | 317.70 |
| Additions | 366.93 | 398.25 |
| Amortisation | (265.59) | (156.20) |
| Closing balance | 661.09 | 559.75 |

13.2. Operating lease arrangements (as a lessor)

Operating leases, in which the Group is the lessor, relate to co-working space given by the group on lease with lease term (i.e. non cancellable period) between 0-5 years, with a mutual extension option.

The Group enters into arrangements with customers for providing co-working spaces wherein the right to use the assets is given. However, as the title to the assets and the significant risks associated with the operation and maintenance of these assets remains with the Group, such arrangements are recognised as operating lease. The contracted price is recognised as revenue during the tenure of the agreement on a straight line basis.

Maturity analysis of operating lease receipts:

The following table sets out a maturity analysis of lease receipts, showing the undiscounted lease receipts to be received after the reporting date.

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---------------------|----------------------|----------------------|
| -Year 1 | 8,201.05 | 6,841.72 |
| -Year 2 | 4,864.52 | 4,790.90 |
| -Year 3 | 1,965.11 | 2,257.71 |
| -Year 4 | 543.00 | 551.06 |
| -Year 5 and onwards | 131.04 | 106.52 |

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Consolidated Financial Statements as at March 31, 2024
14. Trade receivables

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| Current | | |
| Considered good, secured | 134.44 | 136.64 |
| Considered good, unsecured | 6.48 | 6.54 |
| Credit impaired | 11.93 | 6.41 |
| | 152.85 | 149.59 |
| Less: Allowance for doubtful receivables | (11.93) | (6.41) |
| Total | 140.92 | 143.18 |

- Notes:**
- 14.1** The average credit period is 7 days.
- 14.2** The customers pays security deposits which can be used for any non-payments during the contract period. Trade receivables are secured with the corresponding deposits received from customers.
- 14.3** Refer note 35 for trade receivables from related parties.

The movement of allowances of doubtful debts is as follows:

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|-----------------------------|--------------------------------------|--------------------------------------|
| Opening balance | 6.41 | 4.45 |
| Additions | 7.73 | 1.96 |
| Write off (net of recovery) | (2.21) | - |
| Closing balance | 11.93 | 6.41 |

Trade receivables ageing
As at March 31, 2024

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---------|--|------------------|-----------|-----------|-------------------|----------------|
| | | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed trade receivables - considered good | 5.83 | 85.62 | 2.84 | 9.13 | 1.07 | 0.52 | 105.01 |
| (ii) Undisputed trade receivables - credit impaired | 0.01 | 3.61 | 2.93 | 0.81 | 0.19 | 0.15 | 7.70 |
| (iii) Disputed trade receivables - considered good | - | 3.36 | 3.13 | 0.50 | 28.91 | 0.01 | 35.91 |
| (iv) Disputed trade receivables - credit impaired | - | 0.96 | 1.24 | 0.56 | 0.17 | 1.30 | 4.23 |
| Less: Allowances for doubtful receivables | | | | | | | (11.93) |
| Total trade receivables | | | | | | | 140.92 |

As at March 31, 2023

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---------|--|------------------|-----------|-----------|-------------------|---------------|
| | | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed trade receivables - considered good | 31.95 | 55.95 | 7.95 | 4.47 | 1.13 | 0.31 | 101.76 |
| (ii) Undisputed trade receivables - credit impaired | 0.25 | 0.25 | 0.88 | 0.39 | 0.88 | 1.74 | 4.39 |
| (iii) Disputed trade receivables - considered good | - | 0.50 | 11.17 | 21.50 | 8.25 | - | 41.42 |
| (iv) Disputed trade receivables - credit impaired | - | - | 0.55 | 0.10 | 0.97 | 0.40 | 2.02 |
| Less: Allowances for doubtful receivables | | | | | | | (6.41) |
| Total trade receivables | | | | | | | 143.18 |

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Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Consolidated Financial Statements as at March 31, 2024**15. Cash and cash equivalents**

For the purpose of consolidated statement of cashflows, cash and cash equivalents includes cash on hand and balance with banks in current accounts and deposits.

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| Balance with banks: | | |
| - in current accounts | 340.09 | 339.08 |
| - in escrow account (refer note 15.1) | 47.48 | 43.34 |
| - in fixed deposits (with original maturity of 3 months or less) | - | 800.00 |
| Cash in hand | 0.03 | 0.01 |
| Total | 387.60 | 1,182.43 |

Notes:**15.1. Restricted cash in escrow account**

The balances primarily include restricted bank balances, received from specified customers, for repayments of monthly instalments of specified bank loans.

15.2. For the purpose of Consolidated Statement of Cash Flows, Cash and cash equivalents (C&CE) comprise of following:

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---------------------------|----------------------|----------------------|
| C&CE as per balance sheet | 387.60 | 1,182.43 |
| Bank overdraft | (424.35) | (958.79) |
| Total | (36.75) | 223.64 |

16. Other bank balances

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| Bank deposits with original maturity more than 3 months (refer note 16.1) | 313.65 | 954.47 |
| Wallet balances | - | 0.32 |
| Total | 313.65 | 954.79 |

Note:

16.1 It includes deposits against lien of Rs. 313.05 million (March 31, 2023 - Rs. 954.47 million).

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Notes forming part of the Consolidated Financial Statements as at March 31, 2024

17. Share capital

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|--|--------------------------|-----------------|--------------------------|-----------------|
| | Number of shares ('000') | (₹ in millions) | Number of shares ('000') | (₹ in millions) |
| Authorised Share capital | | | | |
| Equity shares of Rs. 10 each with voting rights | 1,00,000 | 1,000.00 | 1,00,000 | 1,000.00 |
| Cumulative convertible preference shares of Rs. 10 each with voting rights | 20,000 | 200.00 | 20,000 | 200.00 |
| Total | 1,20,000 | 1,200.00 | 1,20,000 | 1,200.00 |
| Issued, subscribed and fully paid-up Equity share capital | | | | |
| Equity shares of Rs. 10 each with voting rights | 79,013 | 790.13 | 77,691 | 776.91 |
| Total | 79,013 | 790.13 | 77,691 | 776.91 |

Notes:

17.1. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year:

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|--------------------------|-----------------|--------------------------|-----------------|
| | Number of shares ('000') | (₹ in millions) | Number of shares ('000') | (₹ in millions) |
| Equity shares with voting rights | | | | |
| At the beginning of the year | 77,691 | 776.91 | 77,196 | 771.96 |
| Changes in equity share capital during the year | 1,322 | 13.22 | 495 | 4.95 |
| Outstanding at the end of the year | 79,013 | 790.13 | 77,691 | 776.91 |

17.2. Details of equity shares held by each shareholder holding more than 5% shares:

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | Number of shares ('000') | % holding (Pre dilution) | Number of shares ('000') | % holding (Pre dilution) |
| Equity shares with voting rights | | | | |
| NS Niketan LLP, India | 43,770 | 55.396% | 43,300 | 55.734% |
| SNS Infrarealty LLP, India | 27,585 | 34.912% | 27,585 | 35.506% |
| Mahima Stocks Private Limited, India | 4,269 | 5.402% | 4,269 | 5.494% |

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|--------------------------|---------------------------|--------------------------|---------------------------|
| | Number of shares ('000') | % holding (Post dilution) | Number of shares ('000') | % holding (Post dilution) |
| Equity shares with voting rights | | | | |
| NS Niketan LLP, India | 43,770 | 44.007% | 43,300 | 44.676% |
| SNS Infrarealty LLP, India | 27,585 | 27.734% | 27,585 | 28.461% |
| Mahima Stocks Private Limited, India | 4,269 | 4.292% | 4,269 | 4.404% |
| Cumulative convertible preference shares with voting rights | | | | |
| Space Solutions India Pte Ltd. (formerly known as Lisbrine Pte. Ltd.) | 19,600 | 19.706% | 18,380 | 18.964% |

17.3. Rights attached to equity shares:

The Parent has only one class of equity shares having face value of Rs. 10 each. The holder of the equity share is entitled to dividend right and voting right in the same proportion as the capital paid-up on such equity share bears to the total paid-up equity share capital of the Parent. In the event of liquidation of the Parent, the holders of equity shares will be entitled to receive the remaining assets of the Parent, after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

17.4. Shareholding of promoters

Shares held by promoters as at March 31, 2024:

| Sl. No | Particulars | Number of shares ('000') | % holding (Pre dilution) | % change during the year |
|--------|----------------------------|--------------------------|--------------------------|--------------------------|
| 1 | NS Niketan LLP, India | 43,770 | 55.396% | -0.338% |
| 2 | SNS Infrarealty LLP, India | 27,585 | 34.912% | -0.594% |
| 3 | Neetish Sarda, India | 3 | 0.004% | 0.000% |
| 4 | Saumya Binani, India | 3 | 0.004% | 0.000% |

| Sl. No | Particulars | Number of shares ('000') | % holding (Post dilution) | % change during the year |
|--------|----------------------------|--------------------------|---------------------------|--------------------------|
| 1 | NS Niketan LLP, India | 43,770 | 44.007% | -0.669% |
| 2 | SNS Infrarealty LLP, India | 27,585 | 27.734% | -0.727% |
| 3 | Neetish Sarda, India | 3 | 0.003% | 0.000% |
| 4 | Saumya Binani, India | 3 | 0.003% | 0.000% |

Notes forming part of the Consolidated Financial Statements as at March 31, 2024

Shares held by promoters as at March 31, 2023:

| Sl. No | Particulars | Number of shares ('000') | % holding (Pre dilution) | % change during the year |
|--------|--|--------------------------|--------------------------|--------------------------|
| 1 | NS Niketan LLP, India | 43,300 | 55.734% | -0.357% |
| 2 | SNS Infrarealty LLP, India | 27,585 | 35.506% | -0.222% |
| 3 | Vision Comptech Integrators Limited, India | 1 | 0.001% | 0.000% |
| 4 | Neeta Sarda, India | 2 | 0.003% | 0.000% |
| 5 | Neetish Sarda, India | 3 | 0.004% | 0.000% |
| 6 | Saumya Binani, India | 3 | 0.004% | 0.000% |

| Sl. No | Particulars | Number of shares ('000') | % holding (Post dilution) | % change during the year |
|--------|--|--------------------------|---------------------------|--------------------------|
| 1 | NS Niketan LLP, India | 43,300 | 44.676% | -0.628% |
| 2 | SNS Infrarealty LLP, India | 27,585 | 28.461% | -0.397% |
| 3 | Vision Comptech Integrators Limited, India | 1 | 0.001% | 0.000% |
| 4 | Neeta Sarda, India | 2 | 0.002% | 0.000% |
| 5 | Neetish Sarda, India | 3 | 0.003% | 0.000% |
| 6 | Saumya Binani, India | 3 | 0.003% | 0.000% |

17.4.1 Shareholding as on March 31, 2024 is based on list of promoters identified/ classified pursuant to board resolution dated March 26, 2024.

17.5 During the year ended March 31, 2024, the Parent Company has allotted 1,322,000 equity shares under private placement on preferential basis having face value Rs. 10 each equity share, issued at a price of Rs. 269 per equity share (including share premium of Rs. 259/- each equity share), ranking pari passu with existing equity shares.

17.6. Subsequent to year ended March 31, 2024, the authorised share capital of the Company has increased. Refer note 43 (iii) for details.

18. Other equity

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---------------------------------------|----------------------|----------------------|
| Securities premium | 2,867.50 | 2,209.18 |
| Instruments classified as equity | 196.00 | 183.80 |
| Money received against share warrants | 2.13 | 2.13 |
| Retained earnings | (3,355.69) | (2,857.36) |
| | (290.06) | (462.25) |

18.1. Securities premium

Securities premium is used to record the premium on issue of shares. The reserves are utilised in accordance with provisions of The Companies Act.

18.2. Instruments classified as equity

18.2.1 The Parent Company has issued 18,379,915 cumulative convertible preference share ("CCPS") having a face value of Rs. 10 each on October 23, 2019 with reference to the investment agreement with Space Solutions India Pte Ltd (formerly known as Lisbrine PTE. LTD.) dated October 4, 2019. Preference shareholder is entitled to receive dividend subject to recommendation of Board of Directors and approval of equity shareholders. These CCPS carry one vote per share in terms of the agreement.

The shareholder shall be entitled to receive a cumulative fixed preferential dividend per annum for each cumulative convertible preference shares held based on the following coupon rate:

- 0.01% of the initial subscription Price per share on the first anniversary;
- 0.50% of the initial subscription Price per share on the second anniversary;
- 1.00% of the initial subscription Price per share on the third anniversary;
- 2.00% of the initial subscription Price per share on the fourth anniversary;
- 4.00% of the initial subscription Price per share on fifth anniversary and every anniversary thereafter until conversion of the cumulative convertible preference shares to ordinary shares in the company.

At any time up to 20 years from the date of this agreement, the preference shareholder shall have the right, at its option and sole and absolute discretion, to convert all or part of its cumulative convertible preference shares then outstanding into ordinary shares.

All the cumulative convertible preference shares then outstanding shall be converted into ordinary shares at a minimum ratio of 1 cumulative convertible preference share to 1 ordinary share conversion rate immediately:

- prior to the consummation of a Qualified Event or
- in the event there is a binding offer for a purchase of all of the Shares of the Parent Company and such offer meets the yield threshold.

Each cumulative convertible preference share, subject to conversion, shall be converted into such number of fully paid ordinary shares as is determined by dividing the initial subscription price per share (as appropriately adjusted for any subdivisions, consolidations, share dividends or similar recapitalisations) by the then applicable conversion price per cumulative convertible preference share and no additional consideration shall be payable upon such conversion.

As these cumulative convertible preference shares are perpetual in nature and ranked senior only to the equity share capital of the Parent Company and the Parent Company does not have any redemption obligation i.e. these instruments have to be converted into equity share of the Company, thus these shares are considered as equity instruments.

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Notes forming part of the Consolidated Financial Statements as at March 31, 2024

18.2.2 On March 30, 2024, the Parent Company has further issued 1,219,776 Class A cumulative convertible preference share having a face value of Rs. 10 each with reference to the investment agreement with Space Solutions India Pte Ltd (Formerly known as Lisbrine PTE. LTD.) dated March 27, 2024. Preference shareholder is entitled to receive dividend subject to recommendation of Board of Directors and approval of equity shareholders. These CCPS carry one vote per share in terms of the agreement.

Terms of issue of this cumulative convertible preference shares are :-

1. The Parent Company shall not declare or pay any dividends to holders of Ordinary Shares until all the Class A Convertible Preference Shares held by the Investor have been converted to Ordinary Shares of the Parent Company.
2. In the event a Qualifying IPO is not effected within twenty four (24) months from the date of execution of the Agreement, Space Solutions India Pte Ltd (Formerly known as Lisbrine PTE. LTD.) shall be entitled to receive a cumulative fixed preferential dividend ("Preferential Dividend") per annum for each Class A Convertible Preference Share held by Space Solutions India Pte Ltd (Formerly known as Lisbrine PTE. LTD.) based on the Initial Subscription Price Per Share equal or equivalent to 5.00% of the Initial Subscription Price Per Share on the second (2nd) anniversary from the date of the Agreement for every six (6) months since the execution of the Agreement and for every six (6) months thereafter until conversion of the Class A Convertible Preference Shares to Ordinary Shares in the Parent Company, (as appropriately adjusted for any subdivisions, consolidations, share dividends or similar recapitalisations).
3. Any Preferential Dividend (if any) shall be computed based on the Initial Subscription Price Per Share that is, in aggregate, equivalent to (and computed based on) INR equivalent to US\$4 Mn to be converted INR exchange rate of the receiving bank as at the time of receipt which represents the amount invested in the Parent Company by the Investor on Completion.
4. The right of the Investor to receive such dividends shall rank senior and prior to and in preference to the dividend rights of the holders of Ordinary Shares in the Parent Company.
5. Subject to the foregoing, no dividends or distributions (in whatever form) shall be declared or paid to the holders of the Ordinary Shares unless the Investor first receives or simultaneously receives in full a pro rata share of such dividends on an as-converted basis.
6. In the event of consummation of a Qualified Fund Raise, the Preferential Dividend shall be immediately adjusted to match the dividend policy agreed in the definitive agreement arising from the Qualified Fund Raise subject to (i) the agreement of all parties including the Investor, the Founders and the new investors or (ii) if no agreement is reached for any reason, then the Investor shall be entitled to a minimum of two per cent. (2%) of the Initial Subscription Price Per Share per annum for each Class A Convertible Preference Share held by the Investor.

18.3. Share warrants

The Parent company has issued 850,000 share warrants of Rs. 260 each per warrant ("Warrant Subscription Price") for an aggregate consideration of Rs. 221.00 million on March 13, 2023 with reference to the warrant subscription agreement with Deutsche Bank,A.G, London Branch dated March 2, 2023. The warrant consideration shall be paid in the following manner:

1. Rs. 55.25 million shall be payable by the warrant holder on the closing date as consideration for subscribing to the Warrants ("Warrant Subscription Amount")
 2. Rs. 165.75 millions shall be payable by warrant holder on or prior to the date of exercising the option of converting the warrants into equity shares of the Parent Company, in accordance with the terms set forth in Schedule I, no later than 18 months from the closing date ("Warrant exercise amount")
- Each warrant held by the warrant holder shall entitle it to apply and obtain allotment of 1(one) equity share of face value Rs 10. each at a premium of Rs. 250, at any time after the date of allotment but on or before the expiry of the term of the warrant, that is, 48 months from the date of allotment of the warrant ("Warrant Exercise Period").

In the event the warrant holder does not exercise the warrants held by it within the Warrant Exercise Period, the warrants held by the warrant holder shall lapse and the amount paid on the subscription of warrants shall stand forfeited fully or proportionately by the Parent Company if the right to acquire equity shares is not exercised fully or in part thereof.

In the event the Parent Company undertakes an initial public offering of the Company in accordance with applicable law, the warrants shall be mandatorily exercised and converted into equity shares in accordance with the terms and conditions of the warrant subscription agreement.

18.4. Retained earnings

Retained earnings reflect surplus / deficit after taxes in the statement of profit or loss. The amount that can be distributed by respective companies in the group as dividends to its equity shareholders is determined based on the balance in this reserve and also considering the requirements of the Companies Act, 2013.

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Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Consolidated Financial Statements as at March 31, 2024
19. Borrowings

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| Non-current | | |
| Secured – at amortised cost | | |
| Bonds | | |
| Non-convertible bonds | 932.44 | 1,240.18 |
| From Bank | | |
| - Auto loan | 13.90 | 8.10 |
| - Term loan | 1,825.18 | 2,538.02 |
| From NBFC | | |
| - Auto loan | 5.56 | 6.72 |
| - Term loan | 1,029.60 | 203.55 |
| Unsecured – at amortised cost | | |
| From related party | | |
| - Inter- corporate deposits (refer note 19.2.1) | - | 85.00 |
| Less: current maturities of long term borrowings | (1,409.20) | (1,083.28) |
| | 2,397.48 | 2,998.29 |
| Current | | |
| Secured – at amortised cost | | |
| - Bank overdraft | 424.35 | 958.79 |
| - From NBFCs | - | 81.03 |
| Unsecured – at amortised cost | | |
| - Inter- corporate deposits from related parties (refer note 19.2.1.1 and 35) | - | 15.00 |
| - Inter- corporate deposits from others parties (refer note 19.2.1.2) | 17.50 | 17.50 |
| - Vendor financing arrangement (refer note 19.2.2) | 24.97 | - |
| Current maturities of long-term borrowings | | |
| Secured | | |
| - Non-convertible bonds | 312.50 | 312.50 |
| - Term loan (from banks) | 739.30 | 684.14 |
| - Term loan (from NBFC) | 353.21 | 83.33 |
| - Auto loan (from banks) | 2.91 | 2.15 |
| - Auto loan (from NBFC) | 1.28 | 1.16 |
| | 1,876.02 | 2,155.60 |

19.1. Other principal features of the Group's borrowings are as follows.

| Bonds: | | | As at March 31, 2024 | As at March 31, 2023 |
|---|---|--------------------------------|----------------------|----------------------|
| Particulars | Terms and conditions | Interest rate (per annum) | | |
| | - 1250 Bonds of Rs. 1 million each | | | |
| | - Repayable in 45 monthly instalments (starting from July 13, 2023) and interest payable monthly from April 13, 2023 for 48 Months. | | | |
| | - Maturity in March, 2027 | 3 month T-bill (FBIL) + 8.575% | | |
| Deutsche Investments India Private Limited | - Hypothecation of receivables from specified tenancy contracts. | Currently 15.445% | 937.50 | 1,250.00 |
| (Held in name of Catalyst Trusteeship Limited) | - First exclusive charge by way of pledge over 10,318,961 equity shares of the Parent Company, each in the name of NS Niketan LLP & SNS Infrarealty LLP (out of this, 494,705 shares were pledged subsequently) | (March 31, 2023: 15.425%) | | |
| | - Personal guarantee of directors* and corporate guarantee of NS Niketan LLP & SNS Infrarealty LLP. | | | |
| | Total | (A) | 937.50 | 1,250.00 |

* Directors in above mentioned notes refers to Neetish Sarma and Harsh Binani.

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Consolidated Financial Statements as at March 31, 2024
Term Loan:

| Particulars | Terms and conditions | Interest rate (per annum) | As at March 31, 2024 | As at March 31, 2023 |
|-------------------------------|--|--|----------------------|----------------------|
| HDFC Bank Limited | - Repayable in 65 equal monthly instalments - Maturity in June, 2025 - Secured with lien over selected rentals of the property and lien of property of Vision Comptech Integrators Private Limited and personal guarantee of directors* and corporate guarantee of NS Niketan LLP & SNS Infrarealty LLP. | Linked to 3M T-Bill Currently 8.98% (March 31, 2023: (Linked to 3M Repo) i.e. 8.90%) | 63.12 | 108.82 |
| HDFC Bank Limited | - Repayable in 83 equal monthly instalments - Maturity in January, 2027 - Secured with lien over selected rentals of the property and lien of property of Vision Comptech Integrators Private Limited and personal guarantee of directors* and corporate guarantee of NS Niketan LLP & SNS Infrarealty LLP. | Linked to 3M T-Bill Currently 8.98% (March 31, 2023: (Linked to 3M Repo) i.e. 9.25%) | 166.98 | 216.89 |
| HDFC Bank Limited | - Repayable in 62 equal monthly instalments - Maturity in February, 2027 - Secured with lien over selected rentals of the property and lien of property of Vision Comptech Integrators Private Limited and personal guarantee of directors* and corporate guarantee of NS Niketan LLP & SNS Infrarealty LLP. | Linked to 3M T-Bill Currently 8.98% (March 31, 2023: (Linked to 3M Repo) i.e. 9.25%) | 184.49 | 238.23 |
| HDFC Bank Limited | - Repayable in 38 monthly instalments - Maturity in August, 2025 - Secured with lien over selected rentals of the property and lien of property of Vision Comptech Integrators Private Limited and personal guarantee of directors* and corporate guarantee of NS Niketan LLP & SNS Infrarealty LLP. | Linked to 3M T-Bill Currently 8.90% (March 31, 2023: (Linked to 3M T-Bill) i.e. 8.76%) | 165.65 | 277.51 |
| HDFC Bank Limited | - Repayable in 60 monthly instalments - Maturity in January, 2028 - Secured with lien over selected rentals of the property and lien of property of Vision Comptech Integrators Private Limited and personal guarantee of directors* and corporate guarantee of NS Niketan LLP & SNS Infrarealty LLP. | Linked to 3M T-Bill Currently 8.75% (March 31, 2023: (Linked to 3M T-Bill) i.e. 8.90%) | 40.15 | 48.67 |
| HDFC Bank Limited | - Repayable in 48 monthly instalments - Maturity in April, 2028 - Secured with lien over selected rentals of the property and lien of property of Vision Comptech Integrators Private Limited and personal guarantee of directors* and corporate guarantee of NS Niketan LLP & SNS Infrarealty LLP. | Linked to 3M T-Bill Currently 9.25% | 250.00 | - |
| DBS Bank India Limited | - Repayable in 36 monthly instalments - Maturity in November, 2025 - Lien over DSRA account - Secured over future cash flows linked to selected secured tenancy contracts and rent receivables and personal guarantee of directors* and corporate guarantee of SNS Infrarealty LLP and NS Niketan LLP | MCLR rate + mutually agreed margin or 9.50% (March 31, 2023: 9.50%) | 222.22 | 355.56 |
| DBS Bank India Limited | - Repayable in 24 monthly instalments - Maturity in November, 2025 - Lien over DSRA account - Secured over future cash flows linked to selected secured tenancy contracts and rent receivables and personal guarantee of directors* and corporate guarantee of SNS Infrarealty LLP and NS Niketan LLP | MCLR rate + mutually agreed margin Currently : 9.60% | 173.91 | - |

* Directors in above mentioned notes refers to Neetish Sarada and Harsh Binani.

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Consolidated Financial Statements as at March 31, 2024

| Particulars | Terms and conditions | Interest rate (per annum) | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|----------------------|----------------------|
| Indian Bank | - Repayable in 48 monthly instalments - Maturity in March, 2027 - Lien over FD - Secured with lien over selected rentals of the property and lien over property of M/s. Jagadhatri Vyapaar Private Limited and personal guarantee of directors* and corporate guarantee of Jagadhatri Vyapaar Private Limited, SNS Infrarealty LLP and NS Niketan LLP | 1Yr MCLR + 0.80% Currently : 9.65% (March 31, 2023: 9.25%) | 226.50 | 291.70 |
| Indian Bank | - Repayable in 60 monthly instalments - Maturity in March, 2028 - Lien over FD - Secured with lien over selected rentals of the property and lien over property of M/s. Jagadhatri Vyapaar Private Limited and personal guarantee of directors* and corporate guarantee of Jagadhatri Vyapaar Private Limited, SNS Infrarealty LLP and NS Niketan LLP | 1Yr MCLR + 0.80% Currently : 9.65% (March 31, 2023: 9.25%) | 342.64 | 428.30 |
| ICICI Bank Limited | - Repayable in 18 quarterly instalments (starting from August 05, 2023) and interest payable monthly from August 08, 2022 for 60 Months. - Maturity in August, 2027 - Equitable mortgage over immovable property at AJC Bose Road, Kolkata in the name of third parties. - First pari passu charge on the movable fixed assets of the Parent Company, both present and future - Second pari-passu charge on the current assets of the Parent Company, both present and future - Secured by upfront lien of specified fixed deposits - Personal Guarantee of directors* and corporate guarantee of Kalyankari Commercial LLP, Kripa Merchandise LLP, Simran Merchandise LLP and Snow Well Merchandise LLP. | (March 31, 2023: Based on MCLR For Rs. 550 million 9.75% and for Rs. 50 million 9.85%) | - | 600.00 |
| Total | | (B) | 1,835.66 | 2,565.68 |
| Auto loan: | | | | |
| Particulars | Terms and conditions | Interest rate (per annum) | As at March 31, 2024 | As at March 31, 2023 |
| HDFC Bank Limited | - Repayable in 60 equal monthly instalments - Maturity in May, 2027 - Secured by hypothecation of vehicle of the Parent. | 7.20% (March 31, 2023: 7.20%) | 2.42 | 3.07 |
| ICICI Bank Limited | - Repayable in 60 equal monthly instalments - Maturity in June, 2027 - Secured by hypothecation of vehicle of the Parent. | 7.50% (March 31, 2023: 7.50%) | 1.65 | 2.08 |
| ICICI Bank Limited | - Repayable in 60 equal monthly instalments - Maturity in December, 2028 - Secured by hypothecation of vehicle of the Parent. | 9.00% | 9.83 | - |
| BMW India Financial Services Pvt. Ltd. | - Repayable in 60 equal monthly instalments - Maturity in December, 2027 - Secured by hypothecation of vehicle of the Parent. | 10.25% (March 31, 2023: 10.25%) | 5.56 | 6.72 |

* Directors in above mentioned notes refers to Neetish Sarma and Harsh Binani.

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Consolidated Financial Statements as at March 31, 2024

| Particulars | Terms and conditions | Interest rate (per annum) | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|----------------------|----------------------|
| ICICI Bank Limited | - Repayable in 60 equal monthly instalments - Maturity in July, 2024 - Secured by hypothecation of vehicle of the Parent. | (March 31, 2023: 10.00%) | - | 0.51 |
| ICICI Bank Limited | - Repayable in 60 equal monthly instalments - Maturity in December, 2024 - Secured by hypothecation of vehicle of the Parent. | (March 31, 2023: 9.35%) | - | 0.65 |
| ICICI Bank Limited | - Repayable in 84 equal monthly instalments - Maturity in September, 2028 - Secured by hypothecation of vehicle of the Parent. | (March 31, 2023: 7.70%) | - | 0.96 |
| ICICI Bank Limited | - Repayable in 60 equal monthly instalments - Maturity in February, 2027 - Secured by hypothecation of vehicle of the Parent. | (March 31, 2023: 7.40%) | - | 0.83 |
| Total | | (C) | 19.46 | 14.82 |
| Term Loan from NBFC: | | | | |
| Particulars | Terms and conditions | Interest rate (per annum) | As at March 31, 2024 | As at March 31, 2023 |
| Equentia Financial Service Private Limited | - Repayable in 24 equal monthly instalments - Maturity in June, 2025 - Exclusive charge by way of hypothecation of specified receivables. - Cash collateral as specified for the facility (refer note 10.2 and 10.3) | 11.50% | 129.65 | - |
| Tata Capital Financial Services Limited | - Repayable in 36 equal monthly instalments - Maturity in September, 2025 - Exclusive charge by way of Hypothecation over rental receivables of specified tenants - Secured by DSRA - Personal guarantee of directors*. | Long Term Lending Rate (LTLR) of TCFSL less 9.70% Currently : 12.10% (March 31, 2023: 11.85%) | 125.00 | 208.33 |
| Tata Capital Financial Services Limited | - Repayable in 36 equal monthly instalments - Maturity in July, 2026 - Exclusive charge by way of Hypothecation over rental receivables of specified tenants - Secured by DSRA - Personal guarantee of directors*. | Long Term Lending Rate (LTLR) of TCFSL less 10.80% Currently : 11.00% | 155.56 | - |
| Aditya Birla Finance Limited | - Repayable in 84 equal monthly instalments - Maturity in July, 2030 - Exclusive charge over registered mortgaged property and its receivables as specified in the facility - Exclusive charge over identified receivables of the Parent Company - Lien over specified mutual funds. - Personal guarantee of directors* and Corporate guarantee of Kalyankari Commercial LLP, Kripa Merchandise LLP, Simran Merchandise LLP, Snow Well Merchandise LLP | Long Term Reference Rate of ABFL (LTRR) less 9.75% Currently : 10.75% | 627.74 | - |

* Directors in above mentioned notes refers to Neetish Sarada and Harsh Binani.

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Consolidated Financial Statements as at March 31, 2024

| Particulars | Terms and conditions | Interest rate (per annum) | As at March 31, 2024 | As at March 31, 2023 |
|--|---|--|----------------------|----------------------|
| Equentia Financial Service Private Limited | - Repayable in 12 equal monthly instalments - Maturity in June, 2023 - Secured by lien over rentals as specified in the facility agreement. - Personal Guarantee of directors* | (March 31, 2023: 10.00%) | - | 29.39 |
| Equentia Financial Service Private Limited | - Repayable in 12 equal monthly instalments - Maturity in July, 2023 - Secured by lien over rentals as specified in the facility agreement. - Personal Guarantee of directors* | (March 31, 2023: 11.00%) | - | 51.84 |
| Total | | (D) | 1,037.95 | 289.56 |
| Bank overdraft: | | | | |
| Particulars | Terms and conditions | Interest rate (per annum) | As at March 31, 2024 | As at March 31, 2023 |
| HDFC Bank Limited | - Secured by lien over fixed deposits with bank up to Rs. 19 millions - Repayable on demand | FD+ 0.40% p.a (March 31, 2023: 7.40%) | 11.71 | 5.65 |
| HDFC Bank Limited | - Dropline OD - Repayable on demand | Linked to 3M T Bill Currently : 8.75% | 158.30 | - |
| ICICI Bank Limited | - Secured by lien over fixed deposits with bank up to Rs. 80 millions - Repayable on demand | FD+ 0.25% | 71.57 | - |
| ICICI Bank Limited | - Secured by lien over fixed deposits with bank up to Rs. 187.43 millions - Repayable on demand | FD+ 0.25% | 182.77 | - |
| HDFC Bank Limited | - Secured by lien over liquid deposits with bank of 734.3 millions and lien over rental escrows to the tune of 1.90x only for 250 million DOD facility - Repayable on demand | (March 31, 2023 : 8.25% linked to 3M T Bill for Rs. 731 million) 8.90% linked to 3M T-Bill for Rs. 250 million) | - | 952.90 |
| Total | | (E) | 424.35 | 958.55 |
| | | (A+B+C+D+E) | 4,254.92 | 5,078.61 |
| Less : Impact due to effective interest rate method | | | (23.89) | (42.22) |
| | | | 4,231.03 | 5,036.39 |

* Directors in above mentioned notes refers to Neetish Sarada and Harsh Binani.

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Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Consolidated Financial Statements as at March 31, 2024

| 19.2 Detail of unsecured borrowings | | | | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------------|-------------------------------------|--------------------------------------|---------------------------------|---------------------------------|
| Particulars | | | | Principal | Principal |
| 19.2.1 Inter- corporate deposits | | | | | |
| 19.2.1.1 From related parties (refer note 35) | | | | | |
| | Agreement date | Repayment/ maturity date | Interest rate (per annum) | | |
| Vision Comptech Integrators Limited | August 1, 2022 | January 9, 2024 | 9% | - | 85.00 |
| SML Smart Technologies Private Limited | May 7, 2022 May 7, 2023 | May 6, 2023 November 1, 2023 | 9% | - | 15.00 |
| | | | (A) | - | 100.00 |
| 19.2.1.2 From other parties | | | | | |
| | Agreement date | Repayment/ maturity date | Interest rate (per annum) | | |
| Blackcherry Commosale Private Limited | May 11, 2023 | May 10, 2024 | 12% | 17.50 | 17.50 |
| | | | (B) | 17.50 | 17.50 |
| 19.2.2 Vendor financing arrangement | | | | | |
| | Transaction date | Repayment/ maturity date | Interest rate (per annum) | | |
| A.Treds Limited (refer note 19.5) | February 23, 2024 | August 21, 2024 | 9.50% | 24.97 | - |
| | | | (C) | 24.97 | - |
| | | | (A+B+C) | 42.47 | 117.50 |

Notes:
19.3. Interest accrued and payable were paid before the balance sheet and hence there was no outstanding balance in interest accrued

19.4. Refer note 36.2.4 for maturity profile of borrowings.

19.5. During the year ended March 31, 2024, the Parent Company has registered on a digital platform for invoice discounting called Invoicemart (A.Treds Limited).

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Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Consolidated Financial Statements as at March 31, 2024
20. Provisions

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|------------------------------------|-------------------------------------|
| Non-current | | |
| Provision for employee benefits: | | |
| - Provision for gratuity (refer note 34) | 15.02 | 13.51 |
| - Provision for compensated absences | 13.64 | 11.95 |
| Other provisions: | | |
| - Asset retirement obligation (refer note 20.1) | 23.94 | 19.58 |
| Total | 52.60 | 45.04 |
| Current | | |
| Provision for employee benefits: | | |
| - Provision for gratuity (refer note 34) | 4.31 | 1.78 |
| - Provision for compensated absences | 4.31 | 3.50 |
| Other provisions: | | |
| - Provision for contingencies (refer note 20.1) | 0.98 | 0.90 |
| Total | 9.60 | 6.18 |
| Note: | | |
| 20.1. Movement of other provisions: | Provision for contingencies | Asset retirement obligations |
| As at April 1, 2022 | 0.58 | 10.74 |
| Addition during the year | 0.32 | 7.37 |
| Interest accrued during the year | - | 1.47 |
| As at March 31, 2023 | 0.90 | 19.58 |
| Addition during the year | 0.08 | 2.94 |
| Interest accrued during the year | - | 1.42 |
| As at March 31, 2024 | 0.98 | 23.94 |

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Notes forming part of the Consolidated Financial Statements as at March 31, 2024

21. Trade payables

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| Total outstanding dues of micro and small enterprises | 20.95 | 359.39 |
| Total outstanding dues other than micro and small enterprises | 1,199.30 | 637.75 |
| Total | 1,220.25 | 997.14 |

Note:

21.1 The average credit period on purchases of goods and services is 30 days, except for brokerage & commission and manpower services which is 90 days.

21.2 Refer note 35 for trade payables to related parties.

21.3 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| (I) (a) the principal amount remaining unpaid to any supplier (including payables on purchase of property, plant and equipment amounting Rs. 75.21 million (March 31, 2023 : Rs. 293.58 million)) as at the end of each accounting year | 96.16 | 652.97 |
| (b) interest due thereon | - | - |
| (II) Amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| (III) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | - | - |
| (IV) Amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| (V) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006 | - | - |

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

Trade payables ageing

As at March 31, 2024

| Particulars | Unbilled | Not due | Outstanding for following periods from due date of payment | | | | Total |
|--|----------|---------|--|-----------|-----------|-------------------|-----------------|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Dues to micro and small enterprises (A) | - | 11.83 | 8.67 | - | - | - | 20.50 |
| (ii) Dues to others (B) | 214.61 | 573.32 | 397.62 | 1.43 | 1.87 | 0.92 | 1,189.77 |
| (iii) Disputed dues to micro and small enterprises (C) | - | - | - | - | - | 0.45 | 0.45 |
| (iv) Disputed dues to others (D) | - | - | 9.53 | - | - | - | 9.53 |
| Total dues to micro and small enterprises (A+C) | | | | | | | 20.95 |
| Total others (B+D) | | | | | | | 1,199.30 |

As at March 31, 2023

| Particulars | Unbilled | Not due | Outstanding for following periods from due date of payment | | | | Total |
|--|----------|---------|--|-----------|-----------|-------------------|---------------|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Dues to micro and small enterprises (A) | - | 216.54 | 142.40 | - | - | - | 358.94 |
| (ii) Dues to others (B) | 180.57 | 195.33 | 242.76 | 13.22 | 5.67 | 0.20 | 637.75 |
| (iii) Disputed dues to micro and small enterprises (C) | - | - | - | - | 0.45 | - | 0.45 |
| (iv) Disputed dues to others (D) | - | - | - | - | - | - | - |
| Total dues to micro and small enterprises (A+C) | | | | | | | 359.39 |
| Total others (B+D) | | | | | | | 637.75 |

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Notes forming part of the Consolidated Financial Statements as at March 31, 2024

22. Other financial liabilities

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|------------------------|------------------------|
| Non-Current | | |
| Security deposits | 2,308.80 | 1,886.50 |
| Total | <u>2,308.80</u> | <u>1,886.50</u> |
| Current | | |
| Security deposits | 1,743.93 | 1,010.66 |
| Payables on purchase of property, plant and equipment (refer note 22.1) | 462.41 | 714.95 |
| Interest accrued but not due on borrowings | 21.25 | 21.71 |
| Total | <u>2,227.59</u> | <u>1,747.32</u> |

Note:

22.1. Includes amount due to micro and small enterprises amounting Rs. 75.21 million (March 31, 2023 - Rs. 293.58 million).

23. Other liabilities

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|------------------------|----------------------|----------------------|
| Non-Current | | |
| Deferred revenue | 366.76 | 272.88 |
| Total | <u>366.76</u> | <u>272.88</u> |
| Current | | |
| Deferred revenue | 340.09 | 217.16 |
| Statutory dues | 69.49 | 67.81 |
| Advance from customers | 11.20 | 22.67 |
| Others | 8.51 | 27.56 |
| Total | <u>429.29</u> | <u>335.20</u> |

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Notes forming part of the Consolidated Financial Statements as at March 31, 2024

24. Revenue from operations

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---------------------------------|--------------------------------------|--------------------------------------|
| Revenue from lease rentals | 9,970.62 | 6,874.59 |
| Revenue from ancillary services | 419.92 | 239.33 |
| Revenue from software fees | 3.10 | - |
| Total | 10,393.64 | 7,113.92 |

24.1. Revenue from lease arrangements, where there is a material breach as per agreed terms and conditions and ultimate recovery of revenue is not probable, is not recorded in the statement of profit and loss. During the year ended March 31, 2024, amount of Rs. Nil (March 31, 2023 amount of Rs. 1.70 million) is not recorded as revenue considering ultimate recovery is not probable. Group has undertaken initiatives for recovery of such amounts and it will be recognised only when ultimate collection is probable and accordingly, Group has recognised revenue of Rs. Nil (March 31, 2023- Rs. Nil) during March 31, 2024.

24.2. Revenue from ancillary services and software fees has been earned in India.

24.3. Revenue from ancillary services are transferred to the customers at a point in time

25. Other income

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Interest income earned on financial assets that are measured at amortised cost | | |
| - Security deposits | 286.64 | 144.57 |
| - Interest income on bank deposits | 75.03 | 56.31 |
| - Others | 0.16 | 0.09 |
| Income from reimbursement of fitout | 17.64 | 4.87 |
| Income from scrap sales | 25.44 | 2.42 |
| Other gain and losses | | |
| - Interest income on income tax refund | 0.07 | 11.27 |
| - Liability/provision no longer required written back | 14.32 | 36.34 |
| - Gain on lease termination/reassessment (refer note 5.3) | 310.86 | 68.89 |
| - Gain on fair valuation of investment in mutual fund | 4.28 | - |
| - Profit on sale of property, plant & equipment | - | 1.42 |
| - Others | 3.02 | 0.60 |
| Total | 737.46 | 326.78 |

26. Operating expenses

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Housekeeping, security, support service, plantation and pest control | 780.15 | 668.45 |
| Electricity and water charges | 940.01 | 620.22 |
| Building maintenance charges | 694.44 | 464.11 |
| Equipment and asset hire charges | 47.69 | 46.89 |
| Commission and brokerage | 348.59 | 273.61 |
| Communication expenses | 63.64 | 62.49 |
| Rent expense | 95.02 | 17.71 |
| Freight and transportation | 10.17 | 11.32 |
| Parking charges | 49.70 | 35.44 |
| Total | 3,029.41 | 2,200.24 |

27. Employee benefits expense

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Salaries and wages | 450.02 | 377.06 |
| Contributions to provident fund and other funds | 16.13 | 9.75 |
| Gratuity expense (refer note 34) | 6.57 | 6.11 |
| Staff welfare expenses | 23.36 | 15.45 |
| Total | 496.08 | 408.37 |

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Consolidated Financial Statements as at March 31, 2024**28. Finance costs**

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Interest expense on: | | |
| - Lease liabilities | 2,498.10 | 1,970.39 |
| - Borrowings | 536.43 | 275.23 |
| - Other financial liabilities that are measured at amortised cost | 244.78 | 87.28 |
| Others: | | |
| - Interest on asset retirement obligation | 1.42 | 1.47 |
| - Others | 2.45 | 32.19 |
| Total | 3,283.18 | 2,366.56 |

29. Depreciation and amortisation expenses

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Depreciation on: | | |
| - Property, plant and equipment (refer note 4) | 1,521.32 | 863.90 |
| - Right-of-use assets (refer note 5) | 3,186.14 | 2,695.02 |
| Amortisation on intangible assets (refer note 7) | 19.74 | 3.54 |
| Total | 4,727.20 | 3,562.46 |

30. Other expenses

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Business development | 26.75 | 24.85 |
| Legal and professional charges | 62.51 | 38.29 |
| Travelling expenses | 26.68 | 34.12 |
| Postage and stationery | 13.94 | 15.64 |
| Consultancy expenses | 15.94 | 22.96 |
| Property, plant and equipment written off | 52.22 | 62.63 |
| Rates and taxes | 13.01 | 8.05 |
| Allowance for doubtful debts and advances | 7.73 | 1.96 |
| Provision for contingencies | 0.08 | 0.32 |
| Information technology expenses | 27.80 | 30.25 |
| Insurance charges | 6.09 | 4.55 |
| Loss on sale of property, plant & equipment | 0.49 | - |
| Miscellaneous expenses | 18.21 | 21.71 |
| Total | 271.45 | 265.33 |

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Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Consolidated Financial Statements as at March 31, 2024**31. Earnings per share ('EPS')**

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Basic and Diluted | | |
| Loss for the year (a) | (499.57) | (1,010.46) |
| Nominal value of equity share (Rs.) | 10.00 | 10.00 |
| Total number of equity shares outstanding at the beginning of the year | 96.07 | 95.58 |
| Total number of equity shares outstanding at the end of the year | 98.61 | 96.07 |
| Weighted average number of equity shares outstanding during the period for computing Basic and Diluted EPS (b) | 96.36 | 95.58 |
| Basic and Diluted earnings per share (a)/(b) (Rs.) | (5.18) | (10.57) |

Note:

31.1. The cumulative convertible preference shares classified as equity instruments are included as a part of Basic and Diluted EPS computation as these can be converted to equity shares at any point of time (refer note 18.2).

31.2. During the year ended March 31, 2023, the Parent Company had issued 850,000 share warrants. These share warrants are potential ordinary shares as they entitle its holders to ordinary shares during Warrant Exercise period. The share warrants has not been considered for computing weighted average number of equity shares for diluted EPS as they are antidilutive in nature (refer note 18.3).

32. Contingent liabilities and commitments

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| A. Contingent liabilities | | |
| Claims against the group not acknowledged as debt: | | |
| - Income tax matters (net of payments made) | 1.45 | 1.45 |
| - Indirect tax matters | 6.80 | - |
| B. Commitments | | |
| Estimated amount of contracts remaining to be executed on property, plant and equipment and intangible assets and not provided for (net of related advances) | 448.06 | 190.30 |
| C. Corporate guarantee | | |
| Corporate guarantee provided to third party on behalf of vendors of the Group | - | 158.28 |
| D. Others | | |
| Letter of credit and guarantees excluding financial guarantees | 15.89 | 17.89 |

Note:

32.1 Apart from the commitments disclosed above, the group has no financial commitments other than those in the nature of regular business operations.

33. Segment reporting

The Group's primary business segment involves developing and renting out co-working spaces in business centres. Refer Note 44 for principal activity of wholly-owned subsidiaries. The Board of Directors of the Group, which has been identified as being the Chief Operating Decision Maker (CODM), evaluates the Group Performance, allocate resources based on the analysis of the various performance indicator of the Group as a single unit of coworking spaces. Therefore there are no separate reportable business segments as per Ind AS 108- "Operating Segments".

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Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Consolidated Financial Statements as at March 31, 2024

34. Employee benefit plans

Defined contribution plans

The Group makes provident fund contribution to a defined contribution retirement benefit plan for qualifying employees. The Group's contribution to the Employees provident fund is deposited with the Regional Provident Fund Commissioner. Under the scheme, the Group is required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefits. The Group has recognised the following amounts in the Consolidated Statement of Profit and Loss in the following years:

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|------------------------------|--------------------------------------|--------------------------------------|
| Provident fund contributions | 15.93 | 9.49 |

Defined benefit plans:

Gratuity

a) The Group offers its employees defined-benefit plans in the form of a gratuity scheme. Benefits under the defined benefit plans are based on years of service and the employee's compensation (immediately before retirement). Benefits payable to eligible employees of the Group with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the balance sheet date.

b) This plan typically expose the Group to actuarial risk such as: interest rate risk, longevity risk and salary risk.

Interest risk

A decrease in the bond interest rate will increase the plan liability.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(c) Significant actuarial assumptions

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|--|------------------------|------------------------|
| a) Discount rate(s) | 7.22% | 7.15% |
| b) Expected rate(s) of salary increase | 9.50% | 9.50% |
| c) Mortality table used | 100% of ILAM (2012-14) | 100% of ILAM (2012-14) |
| d) Attrition rate | | |
| -Up to 30 years | 47.21% | 41.99% |
| -Ages 31-44 years | 37.06% | 29.61% |
| -Ages 44 & above | 0.00% | 0.00% |
| e) Rate of return on plan assets | N.A | N.A |
| f) Average remaining working lives of employees (in years) | 26.21 | 26.36 |

The discount rate is based on prevailing market yields of Government of India bonds as at the valuation date balance sheet date for the expected term of obligation.

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

(d) The following tables sets out the funded status of the defined benefit scheme in respect of gratuity and amount recognised in the Consolidated Financial Statements:

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| I. Amounts recognised in profit or loss in respect of these defined benefit plans are as follows: | | |
| a) Current service cost | 5.47 | 5.42 |
| c) Net interest expense | 1.09 | 0.70 |
| Components of defined benefit costs recognised in profit or loss | 6.56 | 6.12 |
| Remeasurement on the net defined benefit liability | | |
| a) Actuarial (gains)/loss arising form changes in financial assumptions | (0.08) | (0.13) |
| b) Actuarial (gains)/loss arising form changes in demographic assumptions | (1.17) | (0.57) |
| c) Actuarial (gains)/loss arising form experience adjustments | (0.48) | 0.35 |
| Components of defined benefit costs recognised in other comprehensive income | (1.73) | (0.35) |
| Total | 4.83 | 5.77 |

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the Consolidated Statement of Profit and Loss and the remeasurement of the net defined benefit liability is included in 'Other comprehensive income'.

Smartworks Coworking Spaces Private Limited

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

Notes forming part of the Consolidated Financial Statements as at March 31, 2024

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| I. Net asset/(liability) recognised in the Balance Sheet | | |
| a) Present value of defined benefit obligation | 19.33 | 15.29 |
| b) Fair value of plan assets | - | - |
| c) Surplus/(deficit) | 19.33 | 15.29 |
| d) Current portion of the above | 4.31 | 1.78 |
| e) Non current portion of the above | 15.02 | 13.51 |

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| II. Change in the obligation during the year | | |
| Present value of defined benefit obligation at the beginning of the year | 15.29 | 9.73 |
| Expenses Recognised in Profit and Loss Account | | |
| - Current service cost | 5.47 | 5.42 |
| - Past service cost | - | - |
| - Interest expense | 1.09 | 0.70 |
| Recognised in other comprehensive income | | |
| Remeasurement gains / (losses) | | |
| - Actuarial Gain (Loss) arising from: | | |
| i. Financial assumptions | (0.08) | (0.13) |
| ii. Demographic assumptions | (1.17) | (0.57) |
| iii. Experience adjustments | (0.48) | 0.35 |
| Benefit payments | (0.80) | (0.21) |
| Present value of defined benefit obligation at the end of the year | 19.32 | 15.29 |

(e) Sensitivity for significant actuarial assumption is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by +/- 0.5%, keeping all other actuarial assumptions constant:

| Principal assumption | Changes in assumption | Impact on defined benefit obligation | |
|------------------------------|--------------------------|--------------------------------------|------------------------|
| | | Increase in assumption | Decrease in assumption |
| a) Discount rate | | | |
| As at March 31, 2024 | 0.5% | (0.42) | 0.45 |
| As at March 31, 2023 | 0.5% | (0.42) | 0.46 |
| b) Salary growth rate | | | |
| As at March 31, 2024 | 0.5% | 0.36 | (0.35) |
| As at March 31, 2023 | 0.5% | 0.38 | (0.35) |

Notes:

i) The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

ii) The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

(f) Maturity profile of defined benefit obligation:

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|----------------|----------------------|----------------------|
| Within 1 year | 4.31 | 1.78 |
| 1 - 2 year | 3.25 | 2.69 |
| 2 - 3 year | 2.11 | 1.80 |
| 3 - 4 year | 1.44 | 1.28 |
| 4 - 5 year | 1.02 | 0.95 |
| 5 year onwards | 7.19 | 6.46 |

(g) The Group expects to make a contribution of Rs. 7.45 million to the defined benefit plan during the next financial year.

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Notes forming part of the Consolidated Financial Statements as at March 31, 2024

35 Related party transactions and balances

Other related parties with whom transactions have taken place during the reporting periods

a. Names of related parties and related party relationships

Entities having significant influence over the Group

NS Niketan LLP
SNS Infrarealty LLP

Key Management Personnel ('KMP')

Neetish Sarda (Managing director)
Harsh Binani (Wholetime director)
Sahil Jain (Chief financial officer) (w.e.f. July 19, 2024)
Punam Dargar (Company secretary)

Relatives of KMPs

Neeta Sarda
Saumya Binani

Entities where Key Management Personnel and their relatives exercise significant influence

Vision Comptech Integrators Limited
Smart IT Services Private Limited
SML Smart Technologies Private Limited
Talbot & Co
Talbotforce Services Private Limited
Kalyankari Commercial LLP
Kripa Merchandise LLP
Simran Merchandise LLP
Snow Well Merchandise LLP
Jagadhatri Vyapaar Pvt Ltd

b. Related party transactions

| | Name of related party | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--|--------------------------------------|--------------------------------------|
| Income from lease rental | Talbot & Co | 0.13 | 0.15 |
| | Talbotforce Services Private Limited | 1.00 | 1.02 |
| | Smart It Services Private Limited | 0.05 | - |
| Income from ancillary services | Talbot & Co | - | 0.00 |
| | Talbotforce Services Private Limited | 0.11 | 0.10 |
| Lease rental expense | Vision Comptech Integrators Limited | 101.84 | 88.56 |
| Building maintenance | Vision Comptech Integrators Limited | 33.95 | 29.52 |
| | Talbotforce Services Private Limited | 8.42 | 0.26 |
| Equipment hire charges | Smart IT Services Private Limited | 0.84 | 5.02 |
| | Talbot & Co | - | 0.78 |
| | Talbotforce Services Private Limited | 4.40 | 2.37 |
| Information technology expenses | Talbotforce Services Private Limited | 0.77 | 0.03 |
| Housekeeping & security charges | Talbot & Co (refer note 35.3) | 3.25 | 2.16 |
| | Talbotforce Services Private Limited | 725.54 | 634.17 |
| Purchase Of property, plant and equipment | Talbotforce Services Private Limited | 11.90 | 3.94 |
| | Smart IT Services Private Limited | 0.87 | 0.54 |
| Interest paid on borrowings taken | SML Smart Technologies Private Limited | 0.79 | 1.35 |
| | Vision Comptech Integrators Limited | 6.19 | 16.49 |
| Reimbursements of other expenses incurred by group | Vision Comptech Integrators Limited | 4.87 | - |
| Reimbursements of other expenses incurred by related party | Vision Comptech Integrators Limited | 28.40 | 29.82 |
| | Talbotforce Services Private Limited | 11.48 | - |
| Remuneration to KMP | Neetish Sarda | 11.44 | 9.79 |
| | Harsh Binani | 11.61 | 9.36 |
| | Punam Dargar | 1.64 | 1.52 |
| Borrowings taken | Vision Comptech Integrators Limited | 15.00 | 86.00 |
| Refund of borrowings taken | Vision Comptech Integrators Limited | 100.00 | 130.70 |
| | SML Smart Technologies Private Limited | 15.00 | - |

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Smartworks Coworking Spaces Private Limited
(All amounts are in Indian Rupees, unless otherwise stated)

Notes forming part of the Consolidated Financial Statements as at March 31, 2024

| c. Related party outstanding balances | Name of related party | As at March 31, 2024 | As at March 31, 2023 |
|--|--|---------------------------------|---------------------------------|
| Unsecured borrowings | SML Smart Technologies Private Limited | - | 15.00 |
| | Vision Comptech Integrators Limited | - | 85.00 |
| Advance from employee | Neetish Sarda | - | 0.06 |
| Unbilled revenue | Talbotforce Services Private Limited | 0.10 | - |
| Trade payables | Talbot & Co | 0.68 | 0.75 |
| | Talbotforce Services Private Limited | 388.89 | 322.91 |
| | Smart IT Services Private Limited | - | 1.25 |
| | Vision Comptech Integrators Limited | 2.20 | - |
| | Neetish Sarda | 0.66 | - |
| | Harsh Binani | 0.13 | - |
| Trade receivables | Talbotforce Services Private Limited | 0.00 | - |

Notes:

35.1. Refer note 19.1 for the guarantees issued by related parties for the Group.

35.2. The above transaction figures are inclusive of taxes.

35.3 These expenses includes expenses that are under reverse charge mechanism.

d. Compensation of key management personnel

The remuneration of directors and other members including relatives of key management personnel during the year was as follows:

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--------------------------|--|--|
| Short-term benefits | 24.69 | 20.68 |
| Post-employment benefits | 4.79 | 3.91 |
| Total | 29.48 | 24.59 |

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Notes forming part of the Consolidated Financial Statements as at March 31, 2024

36 Financial instruments

36.1. Categories of financial instruments

| Particulars | Level | As at March 31, 2024 | | As at March 31, 2023 | |
|------------------------------|---------|----------------------|----------------|----------------------|----------------|
| | | FVTPL | Amortised cost | FVTPL | Amortised cost |
| Financial assets | | | | | |
| Investments | Level 1 | 112.78 | - | - | - |
| Trade receivables | | - | 140.92 | - | 143.18 |
| Cash and cash equivalents | | - | 387.60 | - | 1,182.43 |
| Other bank balances | | - | 313.65 | - | 954.79 |
| Other financial assets | | - | 2,047.74 | - | 1,633.46 |
| Financial liabilities | | | | | |
| Lease liabilities | | - | 30,082.38 | - | 33,976.22 |
| Borrowings | | - | 4,273.50 | - | 5,153.89 |
| Trade payables | | - | 1,220.25 | - | 997.14 |
| Other financial liabilities | | - | 4,536.39 | - | 3,633.82 |

At the end of the reporting period, there are no significant concentrations of credit risk for financial assets designated at FVTPL. The carrying amount reflected above represents the Group's maximum exposure to credit risk for such financial assets.

The fair value of instruments measured at amortised cost is equivalent to the carrying cost of financial instruments.

| Particulars | Level | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---------|----------------------|----------------|----------------------|----------------|
| | | Fair value | Amortised cost | Fair value | Amortised cost |
| Other financial assets - security deposits | Level 3 | 1,819.69 | 1,846.87 | 1,390.00 | 1,321.07 |
| Interest rate used for fair valuation | | 6.75% | - | 5.65% | - |
| Other financial liabilities - security deposits | Level 3 | 4,069.53 | 4,052.73 | 2,884.00 | 2,897.16 |
| Interest rate used for fair valuation | | 9.05% | - | 9.68% | - |

The fair value of security deposits was estimated based on the contractual terms of the security deposits and parameters such as interest rates. Since, the data from any observable markets in respect of interest rates were not available, the interest rates were considered to be significant unobservable inputs to the valuation of these deposits.

36.1.1 Fair values hierarchy

Financial assets and financial liabilities are measured at fair value in the financial statement and are grouped into three Levels of fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments

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

Level 3: unobservable inputs for the asset or liability.

36.2. Financial risk management objectives

While ensuring liquidity is sufficient to meet Group's operational requirements, the Group's risk management committee also monitors and manages key financial risks relating to the operations of the Group by analysing exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk.

36.2.1. Market risk

36.2.1.1. Currency risk

Currency risk is the risk or uncertainty arising from possible currency movements and their impact on the future cash flows of a business. There are no material currency risk affecting the financial position of the Group as there are no material transactions in currency other than functional currency of the Group.

36.2.1.2. Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings keeping in view of current market scenario.

Interest rate risk exposure

The Group's floating rate borrowing is subject to interest rate fluctuations. Below is the overall exposure of the borrowing (undiscounted):

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|--------------------------|----------------------|----------------------|
| Floating rate borrowings | 4,105.80 | 4,982.79 |
| Fixed rate borrowings | 191.59 | 213.54 |

Sensitivity:

Profit or loss is sensitive to higher/ lower interest expense from floating rate borrowings as a result of changes in interest rates (for complete year on closing balance) :

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|----------------|-----------------------------------|-----------------------------------|
| Increase by 1% | 41.06 | 49.83 |
| Decrease by 1% | (41.06) | (49.83) |

36.2.1.3 Price risk

The Group's exposure to price risk arises from investments held and classified as FVTPL. To manage the price risk arising from investments in mutual funds, the Group diversifies its portfolio of assets.

Sensitivity analysis:

Profit or loss is sensitive to higher/ lower prices of instruments classified as FVTPL on the Group's profit for the periods (for complete year on closing balance) :

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|----------------|-----------------------------------|-----------------------------------|
| Increase by 5% | 5.64 | - |
| Decrease by 5% | (5.64) | - |

Notes forming part of the Consolidated Financial Statements as at March 31, 2024

36.2.1.4. Credit risk management

Credit risk is the risk that a counterparty fails to discharge its obligation to the Group under a financial instrument or customer contract leading to a financial loss. The Group is exposed to credit risk mainly with respect to trade receivables, investment in mutual funds, bank deposits and bank balances.

36.2.2. Trade receivables

The trade receivables of the Group are typically non-interest bearing and derived from sales made to a large number of independent customers. As the customer base is widely distributed both economically and geographically, there is minimal concentration of credit risk. The credit period provided by the Group to its customers generally ranges from 7 days.

The management performs ongoing assessment of trade receivables for each customer basis the terms and conditions of each contract to identify the material breach. Facts and circumstances relevant to each customer are reviewed by the management to assess credit risk. Receivables are credit impaired to the extent unsecured and there is no convincing evidence establishing collection of consideration in near future.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. Where the financial asset has been written-off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the Consolidated Statement of Profit and Loss.

36.2.3. Other financial instruments and bank deposits

The Group's treasury, in accordance with the board approved policy, maintains its cash and cash equivalents, deposits and investment in mutual funds with banks, financial and other institutions, having good reputation, past track record, and high credit rating. Similarly, counter-parties of the Group's other receivables carry either no or very minimal credit risk. Further, the Group reviews the credit-worthiness of the counter-parties (on the basis of its ratings, credit spreads and financial strength) of all the above assets on an on-going basis, and if required, takes necessary mitigation measures.

36.2.4. Liquidity risk management

The Group manages liquidity risk by maintaining sufficient cash and cash equivalents including bank deposits and availability of funding through an adequate amount of committed credit facilities, security deposits from customers to meet the obligations when due. Management monitors rolling forecasts of liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, liquidity management also involves projecting cash flows considering level of liquid assets necessary to meet obligations by matching the maturity profiles of financial assets & liabilities and monitoring balance sheet liquidity ratios.

The Group has incurred loss for the financial year ended March 31, 2024 of Rs. 498.33 million (Rs. 1,010.20 million for the financial year ended March 31, 2023) and as at that date, the current liabilities exceeded its current assets by Rs. 6,898.44 million (Rs. 4,207.67 million as at March 31, 2023). Management has undertaken initiatives to manage its liquidity position such as (a) maintaining the overall occupancy by retaining existing customers and utilising the security deposits which are classified as current liabilities; (b) shifting to bigger business centers for cost efficiency and higher revenue and (c) obtaining external borrowings and engaging in fund raising activities. Considering external funding arrangements with banks and other aforesaid initiatives, the management of the Group has concluded that it will have sufficient cash flows for operating the Group on a going concern basis.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The information included in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

| Particulars | Less than 1 year | 1 year – 5 years | More than 5 years | Total | Carrying Amount |
|---|------------------|------------------|-------------------|------------------|------------------|
| As at March 31, 2024 | | | | | |
| Non-interest bearing | | | | | |
| Trade payables | 1,220.25 | - | - | 1,220.25 | 1,220.25 |
| Other financial liabilities | 2,206.34 | 2,894.92 | - | 5,101.26 | 4,515.14 |
| Fixed interest rate instruments | | | | | |
| Borrowings (including interest) | 160.66 | 45.03 | - | 205.69 | 190.93 |
| Lease liabilities | 6,293.39 | 23,473.58 | 11,168.73 | 40,935.70 | 30,082.38 |
| Variable interest rate instruments | | | | | |
| Borrowings (including interest) | 2,072.60 | 2,619.93 | 134.56 | 4,827.09 | 4,082.57 |
| Total | 11,953.24 | 29,033.46 | 11,303.29 | 52,289.99 | 40,091.27 |
| As at March 31, 2023 | | | | | |
| Non-interest bearing | | | | | |
| Trade payables | 997.14 | - | - | 997.14 | 997.14 |
| Other financial liabilities | 1,725.61 | 2,320.80 | - | 4,046.41 | 3,612.11 |
| Fixed interest rate instruments | | | | | |
| Borrowings (including interest) | 120.34 | 98.31 | 0.10 | 218.75 | 213.35 |
| Lease liabilities | 5,644.68 | 23,786.90 | 20,318.45 | 49,750.03 | 33,976.22 |
| Variable interest rate instruments | | | | | |
| Borrowings (including interest) | 2,470.81 | 3,449.63 | - | 5,920.44 | 4,940.54 |
| Total | 10,958.58 | 29,655.64 | 20,318.55 | 60,932.77 | 43,739.36 |

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Notes forming part of the Consolidated Financial Statements as at March 31, 2024

36.2.5. Fair value measurement

During the year ended March 31, 2024, the Group has made investment in certain mutual fund schemes which are measured at Fair Value through Profit and Loss (FVTPL). NAV available as on March 31, 2024 has been used to measure the investment and same is treated as Level 1 input.

36.2.6. Reconciliation of liabilities whose cash flow movements are disclosed as part of financing activities in the Consolidated Statement of Cash Flows:

| Balance sheet caption | Statement of cash flows line item | Opening balance | Cash flows (net) | Non - Cash items | | | Closing balance |
|--|--|-----------------|------------------|---|--------------------------------------|-------------------|-----------------|
| | | | | Addition on account of ROU (Net of termination) | Reclassification from trade payables | Other adjustments | |
| For the year ended March 31, 2024 | | | | | | | |
| Lease liabilities | Repayment of lease liabilities | 33,976.22 | (5,536.33) | 3,817.71 | 14.23 | (2,189.45) | 30,082.38 |
| Borrowings | Proceeds/repayments of borrowings (including short term except OD) | 4,195.34 | (364.50) | - | - | 18.31 | 3,849.15 |
| For the year ended March 31, 2023 | | | | | | | |
| Lease liabilities | Repayment of lease liabilities | 22,193.16 | (3,876.38) | 15,644.04 | 15.40 | - | 33,976.22 |
| Borrowings | Proceeds/repayments of borrowings (including short term except OD) | 1,930.64 | 2,306.94 | - | - | (42.24) | 4,195.34 |

37 Capital management

The purpose of the Group's capital management is to maintain an optimal capital structure to reduce the Cost of capital. Management monitors capital on the basis of the carrying amount of equity and net debt (adjusted for cash and cash equivalents) as presented on the face of balance sheet.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|--|----------------------|-----------------|----------------------|--|
| | | | | |
| Borrowings | 4,273.50 | 5,153.89 | | |
| Less: Cash and cash equivalents | (387.60) | (1,182.43) | | |
| Less: Bank deposits including accrued interest (includes under lien) | (487.53) | (1,230.99) | | |
| Less: Investment in mutual funds | (112.78) | - | | |
| Less: Security deposits (refer note 10.2 and 10.3) | (15.00) | - | | |
| Net debt (A) | 3,270.59 | 2,740.47 | | |
| Total equity | 500.07 | 314.66 | | |
| Capital and net debt (B) | 3,770.66 | 3,055.13 | | |
| Gearing ratio (A/B) | 86.74% | 89.70% | | |

Note:

39.1 Net debt does not include lease liabilities.

38 The Board of Directors of the Parent Company have not declared any dividend and accordingly no apportionment has been made with respect to dividend for cumulative convertible preference shares amounting to Rs. 50.94 million (March 31, 2023 - Rs. 25.44 million and March 31, 2022 - Rs. 12.72 million).

39 Assets and liabilities held for sale

Assets held for sale as of March 31, 2023 relates to leasehold improvements and other property, plant and equipments. The disposals do not meet the criterion of discontinued operations as per Ind AS 105. Assets held for sale are measured at the lower of their carrying amount and fair value less cost of disposal. The fair value is based on level 3 inputs.

| Particulars | As at March 31, 2023 | |
|---|----------------------|--------------|
| | Carrying value | Fair value |
| Assets of disposal Group classified as held for sale | | |
| Property, plant and equipment: | | |
| - Leasehold improvement | 2.36 | 2.36 |
| - Electrical Installations/Equipments | 1.34 | 1.34 |
| - Plant and equipment | 0.67 | 0.67 |
| - Furniture and fixtures | 6.46 | 6.46 |
| - Computers and data processing units | 0.83 | 0.83 |
| - Office equipment | 0.01 | 0.01 |
| | 11.67 | 11.67 |

40 The Group did not grant any loan or advance in the nature of loans to any of its promoters, directors, KMPs or other related parties, as defined under the Companies Act, 2013, in the current year and in the previous year.

41 Relationship with struck off companies

| Relationship with struck off Company | Nature of transactions | Name of struck off company | Balance outstanding as on March 31, 2024 | Balance outstanding as on March 31, 2023 |
|--------------------------------------|------------------------|---|--|--|
| Customer | Trade receivables | Estivus Overseas Management Private Limited | 0.04 | 0.04 |
| | | Invanto India Private Limited | 0.03 | 0.03 |
| Vendor | Trade payables | Chinni Beverages Private Limited | 0.15 | 0.03 |
| | | Aazain Infotech Private Limited | 0.04 | 0.02 |
| | Capital advances | Spcs Technologies India Private Limited | 0.24 | 0.22 |

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Notes forming part of the Consolidated Financial Statements as at March 31, 2024

42 Significant transactions/ new developments

(i) The Board of Directors of Parent Company vide its resolution dated March 6, 2024, had approved to examine and evaluate various modes of fund raising through issue of initial public offering ("IPO") of Equity Shares.

(ii) The Parent Company has incorporated a new subsidiary in Singapore, i.e. Smartworks Space Pte. Ltd. (SSPL), on March 15, 2024. SSPL did not have any paid-up capital as at March 31, 2024. On May 24, 2024, SSPL has allotted 3 million shares (face value: SGD 1) for consideration of SGD 3 million to the Company. SSPL has not entered into any financial transaction during the year ended March 31, 2024.

On March 27, 2024, Smartworks Space Pte. Ltd. entered into an agreement with Keppel Real Estate Services PTE. LTD. ('KRESPL') to acquire property, plant and equipment; customer deposits and contracts with customers / vendor in respect of two co-working centers located in Singapore for consideration of USD 2.085 million (Rs. 174.61 million). This transaction has been subsequently completed as on May 28, 2024 as per closing condition mentioned in agreement. Considering no business process (other than ancillary process) has been acquired under this arrangement, this acquisition has been accounted as asset purchase as per Ind AS 103.

43 Events occurring after reporting period

(i) Pursuant to the provisions of Section 18 of the Companies Act, 2013, read with Rule 33 of the Companies (Incorporation) Rules, 2014, as amended from time to time, and vide Shareholders' approval dated June 28, 2024, the Parent Company is in the process of conversion from private limited to public limited.

(ii) Subsequent to year ended March 31, 2024, the Parent Company has made a private placement of 3,716,551 equity shares (face value of Rs. 10 each) amounting Rs. 999.75 million and has issued 10,707 Class A cumulative convertible preference share (face value of Rs. 10 each) amounting Rs. 2.88 million.

(iii) On May 27, 2024, the Shareholders of the Parent Company increased the authorised share capital of the Parent Company to INR 1,300.00 million divided into 110,000,000 equity shares of INR 10/- each and 20,000,000 preference shares of INR 10/- each.

(iv) The Board of Directors of the Parent Company vide their resolution dated May 16, 2024, approved an investment upto Rs. 22.50 million with Clean Max Enviro Energy Solutions Private Limited ("Cleanmax"), Karnataka. Pursuant to this, the Parent Company entered into triparty shareholders agreement with Cleanmax and Clean Max Dos Private Limited (SPV created by Cleanmax) on June 14, 2024 for purchase of 25% stake (i.e. 2,500 equity shares of INR 10/- each) in Clean Max Dos Private Limited for a consideration of Rs. 0.025 million. Subsequent to this, on July 16, 2024, the shares of Clean Max Dos Private Limited were transferred in the name of the Parent Company.

44 Investments in subsidiaries

The summarised financial information of subsidiaries (including acquisition date fair valuation and adjustments thereto, and accounting policies alignment) having material non controlling interest is as follows:

| Name of the entity | Country of incorporation | Principal activity | As at March 31, 2024 | As at March 31, 2023 |
|---|--------------------------|------------------------------|----------------------|----------------------|
| Smartworks Tech Solutions Private Limited (refer note 44.1) | India | Software development | 100% | 100% |
| Smartworks Office Services Private Limited | India | Facility management services | 100% | 100% |
| Smartworks Stellar Services Private Limited | India | Co-working space provider | 100% | 100% |
| Smartworks Space Pte. Ltd. (SSPL) | Singapore | Co-working space provider | Refer Note 45.1 | NA |

Notes :

44.1 *Formerly known as Smartworks Coliving Private Limited

44.2 The Parent Company has incorporated a new subsidiary in Singapore, i.e. Smartworks Space Pte. Ltd. (SSPL), on March 15, 2024. SSPL did not have any paid-up capital as at March 31, 2024. On May 24, 2024, SSPL has allotted 3 million shares (face value: SGD 1) for consideration of SGD 3 million to the Company. SSPL has not entered into any financial transaction during the year ended March 31, 2024.

45 Additional information as required under Schedule III to the Act

Table 1 - Details pertaining to share in net assets, profit or loss and total comprehensive income

| Name of the entity / Principal activities | % of shareholding as of March 31, 2024 | Principal place of operation / country of incorporation | March 31, 2024 | | | | | |
|---|--|---|--|---------------|---------------------------------|-----------------|---|-----------------|
| | | | Net Assets ('N A'), i.e., total assets minus total liabilities | | Share in profit or loss ('P&L') | | Share in total comprehensive income ('TCI') | |
| | | | As % of consolidated N A | Amount | As % of consolidated N A | Amount | As % of consolidated N A | Amount |
| Parent | | | | | | | | |
| Co-working space provider | | | | | | | | |
| Smartworks Coworking Spaces Private Limited | 100% | India | 108.76% | 543.88 | 94.13% | (470.24) | 94.08% | (468.85) |
| Subsidiaries | | | | | | | | |
| Software development | | | | | | | | |
| Smartworks Tech Solutions Private Limited (refer note 45.1) | 100% | India | (7.26%) | (36.30) | 5.32% | (26.58) | 5.36% | (26.73) |
| Facility management services | | | | | | | | |
| Smartworks Office Services Private Limited | 100% | India | (0.04%) | (0.19) | 0.02% | (0.10) | 0.02% | (0.10) |
| Co-working space provider | | | | | | | | |
| Smartworks Stellar Services Private Limited | 100% | India | (0.92%) | (4.60) | 0.11% | (0.53) | 0.11% | (0.53) |
| Consolidation adjustments | | | | | | | | |
| | | | (0.54%) | (2.72) | 0.42% | (2.12) | 0.43% | (2.12) |
| Total | | | 100.00% | 500.07 | 100.00% | (499.57) | 100.00% | (498.33) |

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Notes forming part of the Consolidated Financial Statements as at March 31, 2024

| Name of the entity / Principal activities | % of shareholding as of March 31, 2023 | Principal place of operation /country of incorporation | March 31, 2023 | | | | | |
|---|--|--|--|---------------|---------------------------------|-------------------|---|-------------------|
| | | | Net Assets ('N A'), i.e., total assets minus total liabilities | | Share in profit or loss ('P&L') | | Share in total comprehensive income ('TCI') | |
| | | | As % of consolidated N A | Amount | As % of consolidated N A | Amount | As % of consolidated N A | Amount |
| Parent | | | | | | | | |
| Co-working space provider | | | | | | | | |
| Smartworks Coworking Spaces Private Limited | 100% | India | 104.55% | 328.99 | 98.76% | (997.88) | 98.75% | (997.61) |
| Subsidiaries | | | | | | | | |
| Software development | | | | | | | | |
| Smartworks Tech Solutions Private Limited (refer note 45.1) | 100% | India | (3.04%) | (9.57) | 0.77% | (7.77) | 0.79% | (8.01) |
| Facility management services | | | | | | | | |
| Smartworks Office Services Private Limited | 100% | India | (0.03%) | (0.08) | 0.01% | (0.09) | 0.01% | (0.09) |
| Co-working space provider | | | | | | | | |
| Smartworks Stellar Services Private Limited | 100% | India | (1.29%) | (4.07) | 0.41% | (4.17) | 0.41% | (4.17) |
| Consolidation adjustments | | | | | | | | |
| | | | (0.19%) | (0.61) | 0.05% | (0.55) | 0.03% | (0.32) |
| Total | | | 100.00% | 314.66 | 100.00% | (1,010.46) | 100.00% | (1,010.20) |

Table 2 - Details pertaining to share in OCI

| Name of the entity / Principal activities | % of shareholding as of March 31, 2024 and March 31, 2023 | Principal place of operation /country of incorporation | March 31, 2024 | | March 31, 2023 | |
|---|---|--|---|-------------|---|-------------|
| | | | Share in other comprehensive income ('OCI') | | Share in other comprehensive income ('OCI') | |
| | | | As % of OCI | Amount | As % of OCI | Amount |
| Parent | | | | | | |
| Co-working space provider | | | | | | |
| Smartworks Coworking Spaces Private Limited | 100% | India | 112.10% | 1.39 | 100.00% | 0.26 |
| Subsidiaries | | | | | | |
| Software development | | | | | | |
| Smartworks Tech Solutions Private Limited (refer note 45.1) | 100% | India | (12.10%) | (0.15) | -92% | (0.24) |
| Facility management services | | | | | | |
| Smartworks Office Services Private Limited | 100% | India | - | - | - | - |
| Co-working space provider | | | | | | |
| Smartworks Stellar Services Private Limited | 100% | India | - | - | - | - |
| Consolidation adjustments | | | | | | |
| | | | - | - | 92% | 0.24 |
| Total | | | 100.00% | 1.24 | 100.00% | 0.26 |

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Notes forming part of the Consolidated Financial Statements as at March 31, 2024

Salient features of the financial statement of subsidiaries for the year ended and as at March 31, 2024, pursuant to Section 129 (3) of the Companies Act 2013

| Particulars | Smartworks Tech Solutions Private Limited (refer note 45.1) | Smartworks Office Services Private Limited | Smartworks Stellar Services Private Limited |
|--|---|--|---|
| Date on which subsidiary was acquired / incorporated | March 11, 2019 | February 26, 2019 | April 28, 2022 |
| Country of registration | India | India | India |
| Reporting currency | INR | INR | INR |
| Reporting period | Apr'23 to Mar'24 | Apr'23 to Mar'24 | Apr'23 to Mar'24 |
| Financial Year end | March 31, 2024 | March 31, 2024 | March 31, 2024 |
| Share Capital | 0.10 | 0.10 | 0.10 |
| Reserves | (36.40) | (0.29) | (4.70) |
| Total Assets | 164.41 | 0.13 | 1.29 |
| Total Liabilities | 200.71 | 0.32 | 5.90 |
| Turnover | 19.84 | - | 0.07 |
| Profit/(Loss) before tax | (38.07) | (0.10) | (0.53) |
| Tax expenses/(credit) | (11.49) | - | - |
| Profit/(Loss) after tax | (26.58) | (0.10) | (0.53) |
| % of shareholding | 100.00% | 100.00% | 100.00% |

Notes :

45.1 Formerly known as Smartworks Coliving Private Limited

45.2 The Parent Company has incorporated a new subsidiary in Singapore, i.e. Smartworks Space Pte. Ltd. (SSPL), on March 15, 2024. SSPL did not have any paid-up capital as at March 31, 2024. On May 24, 2024, SSPL has allotted 3 million shares (face value: SGD 1) for consideration of SGD 3 million to the Company. SSPL has not entered into any financial transaction during the year ended March 31, 2024.

46 Other statutory information

- (i) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Group have not traded or invested in crypto currency or virtual Currency during the financial year.
- (iii) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ("Ultimate Beneficiaries") or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (iv) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (v) The Group has not entered into any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- (vi) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.
- (vii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

**For and on behalf of the Board of Directors of
Smartworks Coworking Spaces Private Limited**

Sd/-

Sd/-

Neetish Sarda
Managing Director
DIN: 07262894
Place: Gurugram
Date: July 19, 2024

Harsh Binani
Wholetime Director
DIN: 07717396
Place: Gurugram
Date: July 19, 2024

Sd/-

Sd/-

Sahil Jain
Chief Financial Officer
Place: Kolkata
Date: July 19, 2024

Punam Dargar
Company Secretary
Place: Kolkata
Date: July 19, 2024