

VERIFACTS SERVICES PRIVATE LIMITED

BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 14th Annual Report along with Audited Statement of Accounts for the Financial Year ended 31st March, 2019.

FINANCIAL RESULTS

(₹ in lakhs)

	Financial year 2018-19	Financial year 2017-18
Revenue from operations	1886.39	1,845.32
Other Income	70.67	44.43
Total Income	1957.06	1,889.75
Depreciation	44.09	56.28
Financial Expenses	18.04	13.34
Profit before exceptional and extraordinary item and tax	147.82	114.69
Provision for taxes (net of Deferred tax)	40.58	32.6
Profit/(Loss) after tax	107.24	82.09
Other comprehensive Income	0.40	2.11
Total comprehensive Income	107.64	84.19

GENERAL INFORMATION ABOUT THE COMPANY

Verifacts Services Private Limited is a human resources consulting company providing background/ antecedents verification services. Verifacts Services Private Limited provides services to a large number of multinationals and national companies worldwide. The company has 7 branches (including Head Office) in India and it also have various tie up with agencies abroad.

PERFORMANCES AND REVIEW OF BUSINESS OPERATIONS

The Company has undertaken steps to try and enhance its performance and growth by expanding its business activity. Various initiatives have been taken and agreements have been signed with various corporate and organizations. The Company is also in dialogue with other major Clients. Efforts are being made to increase the productivity and reduce the dependency on Vendors.

A conscious effort has been made to approach all the inactive clients. various steps have been taken to bring more efficiency in the system. The Company is also proposing to centralize the entire business operations the same shall be implemented in due course of time. The significant positive outcome from these initiatives and efforts would be reflected in the coming years.

During the year under review, the Company has achieved a marginal increase in turnover of ₹ 1886.39lakhs as compared to ₹ 1,845.32lakhs during the corresponding previous year. The profit after tax is ₹ 107.24 lakhs as compared to ₹82.09lakhs in the corresponding previous year. The turnover has increased by 2.22%, and the profit after tax has increased by 31%. The Company's strategic business decisions are showing positive results and it is expected that it will show an upward march.

During the year 1,20,000 (i.e. 24%) equity shares of the Company were acquired by Modern India Limited. which already holds 76% of the shares of the Company and with the said acquisition, Modern India Limited now holds 5,00,000 equity shares (i.e. 100%) of the Company. As a result of which, the Company is now a wholly owned subsidiary of Modern India limited.

Your Company will continue to focus on growth and is also considering options for expanding its operations which will be of value to the Company and its stakeholders.

NO MAJOR EVENTS HAVE OCCURRED AFTER THE BALANCE SHEET DATE.

There are no changes in the nature of Business during the year under review and no major event has occurred after balance sheet date.

DIVIDEND

The Board of Directors are pleased to recommend a dividend of 50 % i.e ₹5.00 per fully paid equity share of ₹ 10 each/

BOARD MEETINGS AND ATTENDANCE

Details of the Directors, their meetings, attendance is given below:

Names of the Directors	No. of Board Meetings Held	No of Board Meetings Attended	Last AGM Attendance (Yes/No)
Shri Vijaykumar Jatia	4	4	NO
Shri S D Israni	4	4	NO
Shri A.R Birla	4	3	NO

*The CEO was present at the meeting to answer queries raised by the shareholders.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

There has been no change in the Board of Directors and the provisions of Section 203 of the Companies Act 2013, with regards to KMP doesn't apply to our company, however it may be noted that the Board is ably supported by Chief Executive Officer.

It is to be noted that during the year under review Col Swapan Bhadra resigned with effect from 01.06.2018 the Company and in his place Shri. Somesh Auddy has been appointed as Chief Executive Officer of the Company with effect from 01.06.2018.

COMMITTEES OF THE BOARD

No separate committee has been formed; all major decisions are taken at the Board level which is implemented by the CEO.

Section 135 of the Companies Act, 2013 does not apply to the Company.

The Company has adopted the prevention of sexual harassment policy which is implemented stringently. The policy can be accessed on the website of the company.

VIGIL MECHANISM:

Though not required as a good practice, employees are encouraged to bring to the notice of the Management any discrepancies, wrong doings, alleged fraud, etc which is dealt with very firmly.

The Company has adopted a Whistle Blower policy with a view to provide a mechanism for employees of the Company to approach the Board of Directors in case of any suspected violation.

DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure.
- ii) appropriate accounting policies have been selected and applied them consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of its profit for the year ended as on that date;
- iii) proper and sufficient care has been taken for the 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 fraud and other irregularities;
- iv) The annual accounts have been prepared on a going concern basis.
- v) Directors have devised proper system to ensure Compliance with the Provisions of all applicable laws and that such system are adequate and operating effectively.

SUBSIDIARY COMPANIES

The Company doesn't have any subsidiary however the Company is a wholly owned subsidiary of Modern India Limited.

ASSOCIATE COMPANIES

The Company doesn't have any associate company nor does it have any joint venture with any other company as on 31st March 2019.

EXTRACT OF ANNUAL RETURN

As required pursuant to Section 92(3) of the Companies Act, 2013 and rules 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in MGT-9 is annexed to this Report as Annexure 1).

AUDITORS' APPOINTMENT:

K S Aiyar & Co., Chartered Accountants, (FRN:100186W), the Auditors of the Company, were appointed at the 12th Annual General Meeting of the Company for the period of 5 years i.e. till the conclusion of the 17th Annual General Meeting of the Company, subject to ratification at every Annual General Meeting. However subsequent to notification of section 40 of the Companies Amendment Act, 2017 which corresponds to section 139 of the principal Companies Act, 2013 on 07th May, 2018 by which the Company shall no longer be required to ratify the appointment of auditors at every annual general meeting and hence their ratification shall not be placed before the shareholders for their approval.

SECRETARIAL AUDIT REPORT

Secretarial Audit Report as provided by M/s. Parikh & Associates, Practicing Company Secretaries is annexed to this Report as **ANNEXURE -1**.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGOINGS.

✓ In compliance with the provisions of Section 134 read with Companies (Accounts) Rules, 2014, a statement giving requisite information is given in Annexure 'A' forming part of this Report.

FIXED DEPOSITS: The Company has not accepted any Deposits.

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

There are no significant and material orders passed by the regulators or Court or Tribunals impacting the Going Concern status and the Company's operations in future.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has a well defined organization structure, documented policy guidelines, predefined authority levels, and an extensive system of internal controls helps in ensuring optimal utilization and protection of resources, IT security, accurate reporting of financial transactions and compliance with applicable laws and regulations.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The Company has duly complied with the provision of Section 186 of the Companies Act, 2013 and it has taken

SECURED LOANS (taken) : ₹ 173.40lakhs

UNSECURED LOANS: NIL

NON CURRENT INVESTMENTS: ₹121.32lakhs

GUARANTEES: NONE

SECURITIES EXTENDED: ₹ 126.63lakhs

RISK MANAGEMENT POLICY:

The Management is working on a risk management policy which will help in mitigating the various risks faced by the Company, currently the Board is regularly updated with various risk faced by the Company and the steps taken to mitigate the same.

CORPORATE SOCIAL RESPONSIBILITY POLICY: NOT APPLICABLE

PARTICULARS OF CONTRACT AND ARRANGEMENTS WITH RELATED PARTIES

Refer Annexure 2(AOC 2)

DISCLOSURE ABOUT COST AUDIT: NOT APPLICABLE

RATIOS OF REMUNERATION TO EACH DIRECTOR: NOT APPLICABLE

Reply to Statutory Auditors Qualification-NOT APPLICABLE

The Company has no associate or joint ventures and does not have any subsidiaries therefore; there is no consolidation of accounts.

DEFERRED TAX: Rs (9.63) lakhs

INSURANCE

Company has taken adequate insurance cover for assets of the Company and to cover Directors and Officers liability. Check

PARTICULARS OF LOANS AND GUARANTEES GIVEN / TAKEN BY THE COMPANY.

Loan /Credit facility to the limit of ₹ 4,00,00,000/- availed against Current Asset and Book Debts from RBL Bank Limited. However the facility availed during the period under review is ₹14273884/-

MANAGEMENT DISCUSSION AND ANALYSES: NOT APPLICABLE

HUMAN RESOURCE /INDUSTRIAL RELATIONS

Your Company firmly believes that success of a company comes from good Human Resources. Employees are considered an important asset and key to its success. HRD has been strengthened for sourcing and developing high caliber employees providing them relevant training for capitalizing on of their competence and facilitating their assessment process through an effective Performance Management System (PMS). Company aims to remain lean and dynamic in a continuing de-layered structure. The Employee relations continued to be satisfactory.

RESTRICTION ON PURCHASE OF OWN SHARES

The Directors has confirmed to the Board of Directors that the Company has not provided funds to the employees or any other person to purchase its own shares.

CORPORATE GOVERNANCE: NOT APPLICABLE

GREEN INITIATIVE

Your Company has taken the initiative of going green and minimizing the impact on the environment. The Company will hence forth be circulating the copy of the Annual Report in electronic format to all Members whose email address are available with the Company. Your

Company would encourage Members to register themselves for receiving Annual Report in electronic form.


OUTLOOK

The Company looks forward for excelling in the business endeavors and improving shareholder value.

ACKNOWLEDGMENT

Your Directors wish to place on record their sincere thanks to the Valued Customers, Suppliers, Bankers, Central Government, State Governments and various Consultants and Business Associates for their continued support, co-operation and guidance, during the year under review. Your Directors also wish to thank their employees and executives at all levels for their valuable contributions.

For and on behalf of the Board of Directors



Vijay Kumar Jatia
Chairman

Mumbai

Date: 05.08.2019

Registered Office: 4007, Hallmark Square, 1ST & 2ND Floor, 100ft Road, Indiranagar, HAL 2ND Stage, Bengaluru-560038.

VERIFACTS SERVICES PRIVATE LIMITED

ANNEXURE 'A' TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 134 READ WITH COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2019

1. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT:

As the Company has no manufacturing activities, the provisions of Companies (Accounts) Rule, 2014 relating to Conservation of Energy, Technology Absorption and Research & Development do not apply to your company.

2. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- (a) - Activities relating to exports : The Company provided services to its clients for their activities out of India
- Initiatives taken to increase exports : Continuous efforts to identify new markets are being made by the Company.
- Development of new markets for products & services & Export plans : Efforts are being made to develop market for various company's products in the South East Asia & Middle East and US
- (b) Total Foreign Exchange:
- (i) Earnings : ₹ 33,67,375/-/-
- (ii) Outgoing : ₹ 5,72,051.27/-

✓

**EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2019**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN: - U 7 4 1 4 0 K A 2 0 0 5 P T C 0 3 5 8 7 8**
- ii) Registration Date: 22.03.2005**
- iii) Name of the Company: VERIFACTS SERVICES PRIVATE LIMITED**
- iv) Category / Sub-Category of the Company: Company Limited by Shares**
- v) Address of the Registered office and contact details: #4007, Hallmark Square, 1st & 2nd floor, 100 ft Road, Indiranagar, HAL 2nd Stage, Bangalore-560038. Tel: 91-80-6782-2222; Fax: 91-80-4151 0771email: enquiries@verifacts.co.in**
- vi) Whether listed company: NO**
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:
NONE**

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

SI. NO.	NAME AND DESCRIPTION OF MAIN PRODUCTS / SERVICES	NIC CODE OF THE PRODUCT/ SERVICE	% TO TOTAL TURNOVER OF THE COMPANY
1	To carry on the business of background verification of facts, collection of information of executives, any person, including companies, firms either directly or through some other parties	74904	100%

✓

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

SR. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Modern India Limited 1, Mittal chambers, 228, Nariman Point, Mumbai-400021.	L17120MH1933PLC002031	HOLDING	100%	Under Section 2(46) of the Companies Act, 2013.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

		Category	No of Shares held	Percentage of Shareholding
A		Promoters' holding		
	a	Indian Promoters	5,00,000	100%
	b	Foreign Promoters	-	-
	c	Persons acting in concert	-	-
		Sub-Total (A)	-	-
B		Non-Promoters' Holding		
		Institutional Investors	-	-
	a	Mutual Funds and UTI	-	-
	b	Banks, Financial Institutions, Insurance Companies	-	-
	c	FII's	-	-
		Sub-Total(B)	-	-
C		Others	-	-
	a	Private Corporate Bodies	-	-
	b	Indian Public	-	-
	c	NRIs/OCBs	-	-
		Sub-Total(C)	-	-
D		Any other (Foreign nationals)		
		Grand Total (A)+(B)+(C)	5,00,000	100.00

✓

(ii) Shareholding of Promoters

SR.NO	SHAREHOLDER'S NAME	SHAREHOLDING AT THE BEGINNING OF THE YEAR			SHARE HOLDING AT THE END OF THE YEAR			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	MODERN INDIA LTD	380000	76.00	-	499996	99.99	-	-
2	SHRI SWAPAN BHADRA	120000	24.00	-	-	-	-	-
3	Vijay Kumar Jatia*	-	-	-	2	0.0004	-	-
4	Sidhant Jatia*	-	-	-	1	0.0002	-	-
5	Mudit Jatia*	-	-	-	1	0.0002	-	-
	Total	500000	100.00		500000	100.00	-	-

*Equity shares held as a nominee of Modern India limited

(iii) Change in Promoters' Shareholding

During the year 1,20,000 (i.e. 24%) equity shares of the Company were acquired by Modern India Limited, which already holds 76% of the shares of the Company and with the said acquisition, Modern India Limited now holds 5,00,000 equity shares (i.e. 100%)

Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NOT APPLICABLE

(iv) Shareholding of Directors and Key Managerial Personnel:

Shri. Vijay Kumar Jatia, Director is holding 2 Equity shares of the Company as a Nominee of Modern India Limited

✓

(v) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	144.13	NONE	NONE	144.13
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due		NIL	NIL	NIL
Total (i+ii+iii)	144.13	-	-	144.13
Change in Indebtedness during the financial year				
• Addition	29.28	NIL	-	29.28
• Reduction	-	NIL	-	-
Net Change	29.28	NIL	-	29.28
Indebtedness at the end of the financial year				
i) Principal Amount	173.40	-	-	173.40
ii) Interest due but not paid	NIL	NONE	NONE	-
iii) Interest accrued	NIL	NIL	NIL	-
Total (i+ii+iii)	173.40	NIL	NIL	173.40

(vi) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Since there is no Managing Director, Whole-time Director and/or manager -No remuneration is applicable

B. Remuneration to other directors:

Only sitting fees are paid to the Directors of the Company, the details of which are mentioned below

Sl. no	Particulars of Remuneration	Name of Directors			Total Amount
		Vijay Kumar Jatia	S.D.Israni	Ashokraj Birla	
	Directors <ul style="list-style-type: none">• Fee for attending board committee meetings• Commission• Others, please specify	1,20,000/-	1,20,000/-	90,000/-	3,30,000/-
	Total Managerial Remuneration (Sitting Fees)	1,20,000/-	1,20,000/-	90,000/-	3,30,000/-
	Overall Ceiling as per the Act	As prescribed under section 197 of the companies act, 2013			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Note: It may be noted that the provisions of section 203 of the Companies Act, 2013 is not applicable however Company has appointed Chief Executive Officer.

The remuneration details of the Chief Executive Officer are being disclosed

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SI. NO.	PARTICULARS OF REMUNERATION	KEY MANAGERIAL PERSONNEL			
		CEO ₹ in lakhs	Company Secretary	CFO	Total
1.	Gross salary		NA	NA	
	Col. Swan Bhadra (April & May 2018)	2100000			2100000
	Shri.Somesh Auddy(June 2018 to march 2019)				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3748080	NIL	NIL	3748080
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option	NIL			
3.	Sweat Equity	NIL			
4.	Commission-as % of Profit others, specify ...	NIL	NA	NA	
5.	Others, please specify	NIL	NA	NA	
	Total	5848080			5848080

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There have been no penalties or punishment levied on the Company and no compounding of offences has been done by the Company.

For and on behalf of the Board of Directors


Vijay Kumar Jatia
Chairman

Mumbai

Date: 05.08.2019

Registered Office: 4007, Hallmark Square, 1ST & 2ND Floor, 100ft Road, Indiranagar, HAL 2ND Stage, Bengaluru-560038.

ANNEXURE-2

FORM NO. AOC.2

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 arms length transactions under third proviso thereto

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


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

There is no such transaction or arrangements or contacts with Related Parties which were not at arm's length basis during the period under review.

2. Details of material contracts or arrangement or transactions at arm's length basis

Sr. No.	Name(s) of the related Party and nature of relationship	nature of the transaction/c ontract/ arrangement	Duration of the contract/ transaction	Salient terms of the contract/arrange ment/transaction including the value, if any	Date(s) of the approval by Board, if any	Amount (₹)
1	Shri. Vijaykumar Jatia Common Directorship & Dr Shiv Kumar Israni	Business Support Services availed from Modern India Limited	*N.A	Business Support Services	19.07.2016	₹ 78,00,000/- pa

*Agreement for availing business support service from Modern India Limited is effective from 01.07.2016.


Vijay Kumar Jatia
Director
DIN:00096977

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

(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,
Verifacts Services Private Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Verifacts Services Private Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2019 according to the applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) 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;



(iv) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 and as amended from time to time are not applicable to the Company during the audit period.

(v) Other laws applicable specifically to the Company namely:-

1. Shops and Commercial Establishment Act.
2. The Foreign Exchange Management Act 1991
3. Good and Services Tax act of 2017
4. Indian Contract Act, 1872
5. Municipal Local Laws
6. The Micro, Small and Medium enterprises Development Act, 2006
7. Prevention of Corruption Act, 1988
8. The Information Technology Act, 2000
9. The Copyright Act, 1957

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above.

We further report that:

The Board of Directors of the Company is constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, 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.

Decisions at the Board Meetings were taken unanimously.

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



We further report that during the audit period no events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

Place: Mumbai
Date: August 05, 2019



For Parikh & Associates
Company Secretaries

Signature:

J. U. Poojari
Partner

FCS No: 8102 CP No: 8187

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.

'Annexure A'

To,
The Members
Verifacts Services Private Limited

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate 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. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure 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.

Place: Mumbai
Date: August 05, 2019



Signature:

For Parikh & Associates
Company Secretaries

J. U. Roojari
Partner

FCS No: 8102 CP No: 8187

Independent Auditor's Report

To the Members of Verifacts Services Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Verifacts Services Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statement including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

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

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

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an



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

A further description of our responsibilities for the audit of the financial statements is included in **Annexure A** of this auditor's report.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("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.
- 2) 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 Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure C**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - 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 has not paid any remuneration to its directors during the year, hence the provisions of section 197 of the Act 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 does not have any pending litigations which would impact the financial position.
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For K S Aiyar & Co
Chartered Accountants
ICAI Firm's Registration No.100186W



Sanjay Dave
Partner
Membership No.25289

Place: Bengaluru

Date: 23 MAY 2019



ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

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.



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 to the Members of Verifacts Services Private Limited of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified during the year by the Management during the year. In our opinion the frequency of such verification is reasonable having regards to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such physical verifications.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not have immovable properties. Accordingly, paragraph 3(i)(c) of the Order is not applicable to the Company.
- (ii) The company is a service company, primarily in providing service in the field of back ground verification and allied services. Accordingly, it does not hold any physical inventories, thus paragraph 3(ii) of the order is not applicable.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans and investments made.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the products manufactured/services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Service tax, GST, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been generally regularly deposited during the year with the appropriate authorities.



- (b) According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Service tax, Duty of customs, Duty of excise and Value added tax as at 31 March 2019, which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the banker. The Company did not have any outstanding debentures and loans from financial institutions and Government during the year end.
- (ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and has not obtained any term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) In our opinion and according to the information and explanations given to us, the company is private limited company hence managerial remuneration paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act is not applicable to the company as per paragraph 3(xi) of the order.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act where applicable and the details of such related party transactions have been disclosed in the financial statements as required by Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.



(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For K S Aiyar & Co
Chartered Accountants
ICAI Firm's Registration No.100186W



Sanjay Dave
Partner
Membership No.25289

Place: Bengaluru

Date: 73 MAY 2019



ANNEXURE “C” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Verifacts Services Private Limited of even date)

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

We have audited the internal financial controls over financial reporting of VERIFACTS SERVICES PRIVATE LIMITED (“the Company”) as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date. Management’s Responsibility for Internal Financial Controls The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 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.

Auditor’s Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s 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 internal financial controls system over financial reporting of the Company.



Meaning of Internal Financial Controls Over Financial Reporting

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For K S Aiyar & Co
Chartered Accountants
ICAI Firm's Registration No.100186W



Sanjay Dave
Partner
Membership No.25289

Place: Bengaluru
Date: 23 MAY 2019



VERIFACTS SERVICES PRIVATE LIMITED
Balance Sheet as at 31st March, 2019

(₹ in Lakhs)

PARTICULARS	Note No.	As at 31st March, 2019	As at 31st March, 2018
I. ASSETS			
(1) NON-CURRENT ASSETS			
(a) Property, plant and equipments	2 (a)	40.29	71.87
(b) Intangible assets	2 (b)	35.68	23.81
(c) Financial assets			
(i) Investments	3	121.32	288.74
(ii) Other financial assets	4	38.45	34.29
(d) Deferred tax assets (Net)	5	28.53	19.06
(e) Current Tax Assets (Net)	6 (a)	227.47	253.11
		491.75	690.87
(2) CURRENT ASSETS			
(a) Financial assets			
(i) Trade receivables	7	472.38	364.15
(ii) Cash and cash equivalents	8 (a)	4.22	10.12
(iii) Bank balances other than (ii) above	8 (b)	126.63	126.59
(iv) Loans	9 (a)	155.00	85.00
(v) Other financial assets	9 (b)	95.68	59.06
(b) Current Tax Assets (Net)	6 (b)	158.35	-
(c) Other current assets	10	22.56	28.73
		1,034.81	673.65
TOTAL		1,526.56	1,364.52
II. EQUITY AND LIABILITIES			
(1) EQUITY			
(a) Equity Share Capital	11	50.00	50.00
(b) Other Equity	12	1,010.05	932.56
		1,060.05	982.56
(2) NON-CURRENT LIABILITIES			
(a) Provisions	13 (a)	39.75	34.08
		39.75	34.08
(3) CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Borrowings	14	173.40	144.13
(ii) Trade payables	15 (a)		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		111.70	79.20
(iii) Other financial liabilities	15 (b)	84.62	64.18
(b) Other current liabilities	16	55.42	58.69
(c) Provisions	13 (b)	1.61	1.70
		426.75	347.88
Significant Accounting Policies & Notes on Accounts	1 to 34		
TOTAL		1,526.56	1,364.52

As per our report attached on even date

For K.S. Aiyar & Co.


Chartered Accountants

ICAI Firm's Registration number-100186W

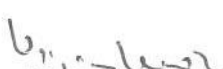

Sanjay Dave
Partner

Membership Number: 25289




Somesh Auddy
CEO

For and on behalf of the Board


Vijaykumar M Jatia
Chairman
DIN:00096977


S D Israni
Director
DIN:00125532


A R Birla
Director
DIN:00049517



Place: Bangalore

Date: 23 MAY 2019

Place: Mumbai

Date: 22 MAY 2019

VERIFACTS SERVICES PRIVATE LIMITED
Statement of Profit and Loss for the year ended 31st March, 2019

(₹ in Lakhs)

PARTICULARS	Note No.	Year ended	Year ended
		31st March, 2019	31st March, 2018
I. Revenue from Operations	17	1,886.39	1,845.32
II. Other Income	18	70.67	44.43
III. Total (I + II)		1,957.06	1,889.75
IV. Expenses:			
(a) Employee benefits expenses	19	899.14	894.85
(b) Finance Cost	20	18.04	13.34
(c) Depreciation and Amortization expenses	2(a)&(b)	44.09	56.28
(d) Other expenses	21	847.97	810.59
Total		1,809.25	1,775.06
V. Profit before Tax		147.82	114.69
VI. Tax expense:	22		
(1) Current Tax		50.21	38.20
(2) Deferred Tax		(9.63)	(5.60)
VII. Profit after tax		107.24	82.09
VIII. Other comprehensive income			
Items that will not be recycled to profit or loss			
(i) Remeasurements of the defined benefit liabilities / (asset)		0.56	2.92
(ii) Income tax relating to remeasurements of the defined benefit liabilities / (asset)		(0.16)	(0.81)
IX. Total comprehensive income for the year		107.64	84.19
X. Earnings per Equity Share	23		
(1) Basic		21.45	16.42
(2) Diluted		21.45	16.42
Significant Accounting Policies & Notes on Accounts	1 to 34		

As per our report attached on even date

For K.S. Aiyar & Co.


Chartered Accountants

ICAI Firm's Registration number-100186W


Sanjay Dave

Partner

Membership Number: 25289

Somesh Auddy
 CEO

For and on behalf of the Board


Vijaykumar M Jatia
 Chairman

DIN:00096977


S D Israni

Director

DIN:00125532


A R Birla

Director

DIN:00049517

Place: Bangalore

Date: 23 MAY 2019


Place: Mumbai

Date: 22 MAY 2019



VERIFACTS SERVICES PRIVATE LIMITED		
Cash flow statement for the year ended 31st March, 2019		
(₹ in Lakhs)		
Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Cash flows from operating activities		
Profit before tax for the year	147.82	114.69
Adjustments for:		
Depreciation and amortisation Expenses	44.09	56.28
Finance costs recognised in profit or loss	18.04	13.34
Loss on sale of property, plant and equipments	8.17	0.32
Net gain on sale / fair valuation of investments through profit and loss	(8.67)	(7.14)
Interest Income	(67.35)	(38.25)
Dividend Income	-	(0.38)
Remeasurements of net defined benefit plans	0.56	2.92
	142.66	141.78
Movements in working capital:		
(Increase)/decrease in trade receivables	(108.23)	(7.37)
(Increase)/decrease in Other receivable	(8.68)	(33.26)
(Increase)/decrease in Other Assets	6.17	9.70
Increase/(decrease) in trade and other payables	32.51	(7.92)
Increase/(decrease) in provisions	5.58	8.41
(Decrease)/increase in other liabilities	38.87	16.60
Cash generated from operations	108.89	127.94
Income taxes paid	(182.92)	(66.92)
Net cash generated by operating activities	(74.03)	61.02
Cash flows from investing activities		
Sale proceeds of property, plant and equipment	9.06	0.15
Payments for property, plant and equipment	(10.49)	(15.72)
Payments for Intangible assets	(31.13)	(23.30)
Interest received	35.25	38.20
Sale / (Purchase) of non current investments	176.08	(131.60)
Inter corporate Deposit given	(70.00)	-
Fixed deposit with Banks	(0.04)	(26.04)
Dividend Received	-	0.38
Net cash (used in)/generated by investing activities	108.73	(157.93)
Cash flows from financing activities		
Proceeds of short term borrowings (net)	29.28	109.10
Dividend Paid	(30.14)	(30.09)
Interest paid	(18.04)	(13.34)
Net cash used in financing activities	(18.91)	65.67
Net increase in cash and cash equivalents	15.80	(31.24)
Cash and cash equivalents at the beginning of the year	(11.58)	19.66
Cash and cash equivalents at the end of the year	4.22	(11.58)
Cash and cash equivalents	4.22	10.12
Bank Overdrafts (Refer Note 16)	-	(21.70)
	4.22	(11.58)
	(0.00)	(0.00)


As per our report attached on even date
For K.S. Aiyar & Co.
Chartered Accountants
ICAI Firm's Registration number-100186W



Sanjay Dave
Partner
Membership Number: 25289





Somesh Anndy
CEO

For and on behalf of the Board


Vijaykumar M Jatia
Chairman
DIN:00096977


S D Israni
Director
DIN:00125532


A R Birla
Director
DIN:00049517



Place: Bangalore

Date: **23 MAY 2019**

Place: Mumbai

Date: **22 MAY 2019**

VERIFACTS SERVICES PRIVATE LIMITED

Statement of changes in Equity for the year ended March 31st, 2019

a. Equity share capital

Particulars	Number	₹ in Lakhs
Issued and Paid up Capital as at April 1, 2017	5,00,000	50.00
Changes in equity share capital	-	-
Balance As at 31st March, 2018	5,00,000	50.00
Changes in equity share capital	-	-
Balance As at 31st March, 2019	5,00,000	50.00

b. Other Equity

(₹ in Lakhs)

Particulars	General reserve	Retained earnings	Other Comprehensive Income	TOTAL
Opening Balance as at 1st April 2017	11.37	870.58	(3.50)	878.45
Profit for the year	-	82.09	-	82.09
Other Comprehensive income for the year	-	-	2.10	2.10
Dividend on Equity Shares	-	(25.00)	-	(25.00)
Dividend Distribution Tax	-	(5.09)	-	(5.09)
Balance 31st March, 2018	11.37	922.57	(1.39)	932.56
Opening Balance as at 1st April 2018	11.37	922.57	(1.39)	932.56
Profit for the year	-	107.24	-	107.24
Other Comprehensive income for the year	-	-	0.40	0.40
Dividend on Equity Shares	-	(25.00)	-	(25.00)
Dividend Distribution Tax	-	(5.14)	-	(5.14)
Balance 31st March, 2019	11.37	999.67	(0.99)	1,010.05

As per our report attached on even date
For K.S. Aiyar & Co.
Chartered Accountants
ICAI Firm's Registration number-100186W

Sanjay Dave

Sanjay Dave
Partner
Membership Number: 25289



Somesh Auddy
Somesh Auddy
CEO

For and on behalf of the Board

Vijaykumar M Jatia
Vijaykumar M Jatia
Chairman
DIN:00096977

S D Israni
S D Israni
Director
DIN:00125532

A R Birla
A R Birla
Director
DIN:00049517

Place: Bangalore

Date: 23 MAY 2019



Place: Mumbai

Date: 22 MAY 2019

VERIFACTS SERVICES PRIVATE LIMITED

Note No. 1 : SIGNIFICANT OF ACCOUNTING POLICIES

I. Company Information

Verifacts Services Private Limited (the company) was incorporated on 22nd March, 2005 as a private limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is providing service in the field of back ground verification and allied services to companies, organizations and institutions, across all segments of public and private sectors.

The financial statements of the Company for the year ended 31st March, 2019 were approved for issue in accordance with a resolution of the Board of Directors on 22nd May, 2019.

II. Significant Accounting Policies followed by the Company

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

A Basis of Preparation of Financial Statement :

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in the financial statements.

B Basis of measurement

The financial statements have been prepared on a historical cost basis and accrual basis, except for the following:

- 1) certain financial assets and liabilities that are measured at fair value;
- 2) assets held for sale - measured at lower of carrying amount or fair value less cost to sell;
- 3) defined benefit plans.

C Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

D Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakhs (INR 00,000), except when otherwise indicated.

E Key Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that effect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgements based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

Information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- (a) Measurement of defined benefit obligations - Note 27
- (b) Recognition of deferred Tax Assets / Liabilities - Note 22

F Property, plant and equipment

The Company has applied the one time transition exemption of considering the carrying cost on the transition date i.e. April 1, 2016 as the deemed cost under IND AS. Hence regarded thereafter as historical cost.

i) Tangible Assets ;

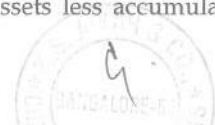
Tangible Assets are stated at the cost of acquisition including the expenses relating to acquisition, erection, construction, and interest up to the date of installation/ completion of construction of the assets less accumulated depreciation and impairment, if any.

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ii) Intangible Assets ;

Intangible assets acquired separately are stated at cost. Intangible assets are carried at cost less accumulated amortisation. Internally generated intangible assets are not capitalised.

Depreciation/Amortisation:

i) Tangible Assets ;

Depreciation is provided on a pro-rata basis on written down value method at the rate and in the manner specified in Schedule II to the Companies Act, 2013.

ii) Intangible Assets ;

Trade logo are amortised on a straight line basis and the computer software on written down value method over the estimated useful economic life. The Company uses a rebuttable presumption that the useful economic life of an intangible asset will not exceed 3 years from the date when the asset is available for use. The estimated useful life and amortization 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.

G Lease

Operating Lease - As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company, as lessee, are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases.

H Cash and Cash Equivalents

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

I Revenue Recognition:

All income arising from Back Ground Verification service to various IT and non IT sectors and interest earning on deposits is accounted on accrual basis.

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' with the date of initial application being April 1, 2018. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 'Revenue' and Ind AS 11 'Construction Contracts'. The application of Ind AS 115 did not have material impact on the financial statements. As a result, the comparative information has not been restated.

J Employee Benefit:

Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity; and
- (b) defined contribution plans such as provident fund.

Gratuity obligations

(i) The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

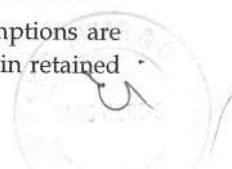
(ii) The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

(iii) The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

(iv) Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

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Defined Contribution Plans

Defined Contribution Plans such as Provident Fund etc., are charged to the Statement of Profit and Loss as incurred. The Company has no obligation other than the contribution payable to the provident fund.

K Foreign Currency Transactions :

(i) Functional and presentation currency

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

L Financial Instruments

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

(i) Financial Assets

Initial Recognition

In the case of financial assets, not recorded at fair value through profit or loss (FVTPL), financial assets are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

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

Financial Assets at Amortised Cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate ("EIR") method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

Financial Assets Measured at Fair Value

Financial assets are measured at fair value through OCI if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss. In respect of equity investments (other than for investment in subsidiaries and associates) which are not held for trading, the Company has made an irrevocable election to present subsequent changes in the fair value of such instruments in OCI. Such an election is made by the Company on an instrument by instrument basis at the time of transition for existing equity instruments/ initial recognition for new equity instruments. Financial asset not measured at amortised cost or at fair value through OCI is carried at FVTPL.

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Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL. ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss.

De-recognition of Financial Assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(ii) Equity Instruments and Financial Liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs. Equity instruments which are issued for consideration other than cash are recorded at fair value of the equity instrument.

Financial Liabilities

Initial Recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings and payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation. Amortisation is recognised as finance income in the Statement of Profit and Loss.

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Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the Statement of Profit and Loss.

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

Where the Company issues optionally convertible debenture, the fair value of the liability portion of such debentures is determined using a market interest rate for an equivalent non-convertible debenture. This value is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the debentures. The remainder of the proceeds is attributable to the equity portion of the instrument. This is recognised and included in shareholders' equity (net of income tax) and are not subsequently remeasured.

Where the terms of a financial liability is renegotiated and the Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the Statement of Profit and Loss; measured as a difference between the carrying amount of the financial liability and the fair value of equity instrument issued.

De-recognition of Financial Liabilities

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

(iii) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

M 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 a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal Company classified as held for sale continue to be recognised.

N Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

O Borrowings

Borrowings are initially recognised at net of transaction costs incurred and measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method.

P Borrowing costs

Interest and other borrowing costs attributable to qualifying assets are capitalised. Other interest and borrowing costs are charged to Statement of Profit and Loss.

Q Earning Per Share :

Basic earnings per share

Basic earnings per share is calculated by dividing:

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

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Diluted earnings per share

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

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

R Provisions And Contingencies :

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

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

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

S Impairment Of Assets :

As at each Balance Sheet date, the Company assesses whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In case of an individual asset, at the higher of the assets' fair value less cost to sell and value in use; and
- In case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's fair value less cost to sell and value in use.

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

T Deferred tax assets

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

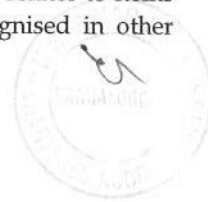
Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax assets is realised or the deferred income tax liability is settled.

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

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

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

U Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

V Cash Flow Statement

Cash flows are reported using the indirect method. The cash flows from operating, investing and financing activities of the Company are segregated.

W Events after Reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

X Recent accounting pronouncements

Application of new and revised Ind AS's

(a) Ind AS 116 - Leases

On 30th March 2019, the Ministry of Corporate Affairs (MCA) notified Ind AS 116, Leases as part of the Companies (Indian Accounting Standards) Amendment Rules, 2019. Ind AS 116 replaces existing standard on leases i.e. Ind AS 17, Leases with effect from accounting periods beginning on or after 1 April 2019.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of the right-of-use asset and a lease liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

Where a contract meets Ind AS 116's definition of a lease, lease agreements will give rise to the recognition of a non-current asset representing the right to use the leased item, and a lease liability for future lease payables.

In the Statement of Profit and Loss, lessees will have to present interest expense on the lease liability and depreciation on the right-of-use asset. In the cash flow statement, cash payments for the principal portion of the lease liability and its related interest are classified within financing activities. Payments for short-term leases, leases of low-value assets and variable lease payments not included in the measurement of the lease liability are presented within operating activities.

The Company is in the process of evaluating the impact of adoption of Ind AS 116 on its financial statements and will accordingly consider the same from period beginning April 1, 2019.

(b) Other amendments

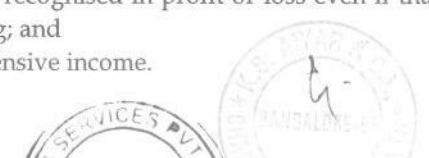
On March 30, 2019, the Ministry of Corporate Affairs (MCA) notified certain other amendments to Indian Accounting Standards (Ind AS), as below, as part of the Companies (Indian Accounting Standards) Second Amendment Rules, 2019. These other amendments come into force on 1 April 2019.

(i) Appendix C, 'Uncertainty over Income Tax Treatments', to Ind AS 12, 'Income Taxes' - The appendix explains how to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

(ii) Plan Amendment, Curtailment or Settlement - Amendments to Ind AS 19, 'Employee Benefits' - The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. The Company must:

1. calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
2. any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
3. separately recognise any changes in the asset ceiling through other comprehensive income.

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(iii) Ind AS 12, 'Income Taxes' - The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

(iv) Ind AS 23, 'Borrowing Costs' - The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The effective date for adoption of amendments as per Companies (Indian Accounting Standards) Second Amendment Rules, 2019 is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and is in the process of evaluating the impact on account of above amendment on its financial statements and will accordingly consider the same from period beginning April 1, 2019.

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VERIFACTS SERVICES PRIVATE LIMITED

Notes to the financial statements for the year ended 31st March, 2019

Note No: 2(a) PROPERTY, PLANT AND EQUIPMENTS - TANGIBLE ASSETS

(₹ in Lakhs)

Description of Assets	Tangible Asset			
	Plant and Equipment	Furniture and Fixtures	Vehicles - Freehold	Total
Gross Carrying amount				
Opening as at 1st April 2017	126.03	28.49	3.89	158.42
Additions	15.29	0.42	-	15.72
Disposals	(0.29)	(0.70)	-	(0.99)
Balance As at 31st March, 2018	141.03	28.22	3.89	173.14
Additions	8.39	2.10	-	10.49
Disposals	(14.18)	(17.04)	(3.88)	(35.10)
Balance As at 31st March, 2019	135.24	13.28	0.01	148.53
Accumulated depreciation				
Opening as at 1st April 2017	52.17	5.85	1.08	59.10
Depreciation / amortisation expense for the year	35.70	6.48	0.52	42.70
Depreciation on Disposal	(0.21)	(0.32)	-	(0.53)
Balance As at 31st March, 2018	87.66	12.01	1.60	101.27
Depreciation / amortisation expense for the year	21.91	2.78	0.15	24.84
Depreciation on Disposal	(7.39)	(8.74)	(1.74)	(17.88)
Balance As at 31st March, 2019	102.18	6.06	0.00	108.24
Net Carrying amount				
Balance As at 31st March, 2018	53.37	16.21	2.29	71.87
Balance As at 31st March, 2019	33.07	7.22	0.00	40.29

Note No: 2(b) INTANGIBLE ASSETS

(₹ in Lakhs)

Description of Assets	Intangible Asset		
	Trade Logo	Computer Software	Total
Gross Carrying amount			
Opening as at 1st April 2017	3.10	24.98	28.08
Additions	-	23.30	23.30
Disposals	-	-	-
Balance As at 31st March, 2018	3.10	48.28	51.38
Additions	-	31.13	31.13
Disposals	-	-	-
Balance As at 31st March, 2019	3.10	79.40	82.51
Accumulated depreciation			
Opening as at 1st April 2017	1.17	12.83	13.99
Depreciation / amortisation expense for the year	1.17	12.42	13.58
Depreciation on Disposal	-	-	-
Balance As at 31st March, 2018	2.33	25.24	27.57
Depreciation / amortisation expense for the year	0.59	18.66	19.25
Depreciation on Disposal	-	-	-
Balance As at 31st March, 2019	2.93	43.90	46.83
Net Carrying amount			
Balance As at 31st March, 2018	0.77	23.04	23.81
Balance As at 31st March, 2019	0.18	35.50	35.68

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VERIFACTS SERVICES PRIVATE LIMITED

Notes to the financial statements for the year ended 31st March, 2019

Note No: 3 Investments - Non Current

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Designated as Fair Value Through Profit and Loss		
Quoted Investment		
Investment in Instruments		
India Grid-InvIT 40,824 Units (Previous Year 51,030 Units)	33.37	48.38
IRB Invt FD Perp 60,000 Units (Previous Year 40,000 Units)	40.01	32.82
Unquoted Investment		
Investment in Mutual Funds		
DSP Blackrock Mutual Fund Nil (Previous Year 1,50,000 Units)	-	159.02
L&T Midcap Fund-Growth Nil (Previous Year 17,279.513 Units)	-	24.36
Tata Equity PE Fund Regular Plan-Growth Nil (Previous Year 17,996.189 Units)	-	24.17
L&T Midcap Fund Direct Plan-Growth 16,446.450 (Previous Year Nil)	23.47	-
Tata Equity PE Fund Direct Plan-Growth 17,228.586 Units (Previous Year Nil)	24.47	-
	121.32	288.74

Aggregate amount of quoted investments and market values there off Rs. 121.32 Lakhs (Previous year Rs 288.74 Lakhs)

Note No: 4 Other financial assets - Non Current

Particulars	As at 31st March, 2019	As at 31st March, 2018
(a) Security Deposits - Unsecured considered good	38.45	34.29
	38.45	34.29

Note No: 5 Deferred Tax Assets (Net)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Deferred Tax Assets		
i Difference between Net Block of Fixed Assets	12.94	8.36
ii Gratuity Provision	11.51	9.95
iii Others	4.09	0.74
Deferred Tax (Assets)	28.53	19.06

Note No: 6 (a) Current tax assets (net) - Non Current

Particulars	As at 31st March, 2019	As at 31st March, 2018
Income Tax payments including Tax Deducted at Source (Net of Provision for Tax of Rs. 88.41 Lakhs (Previous Year Rs. 38.20 Lakhs))	227.47	253.11
	227.47	253.11

Note No: 6 (b) Current tax assets (net)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Other Receivables (Income tax refund receivable)	158.35	-
	158.35	-

Note No: 7 Trade Receivables

Particulars	As at 31st March, 2019	As at 31st March, 2018
Considered Good - Unsecured	472.38	364.15
Less: Credit Impaired	-	-
	472.38	364.15

VERIFACTS SERVICES PRIVATE LIMITED

Notes to the financial statements for the year ended 31st March, 2019

Note No: 8 (a) Cash and Cash Equivalents

	Particulars	As at 31st March, 2019	As at 31st March, 2018
(a)	Balances with Banks in current account	3.83	8.74
(b)	Cash on Hand	0.39	1.38
		4.22	10.12

Note No: 8 (b) Bank balances other than cash and cash equivalents

	Particulars	As at 31st March, 2019	As at 31st March, 2018
(a)	Fixed Deposit With SVC Bank Deposits are given as lien against Short Term Borrowings.	40.00	40.00
(b)	Fixed Deposit With BOI Against Bank Guarantee to GST Tender for Verification.	0.63	0.59
(c)	Fixed Deposit With RBL Bank Deposits are given as lien against Short Term Borrowings.	86.00	86.00
		126.63	126.59

Note No: 9 (a) Loans

	Particulars	As at 31st March, 2019	As at 31st March, 2018
(a)	Inter Corporate Deposit (*)	155.00	85.00
		155.00	85.00

Unsecured considered good

(*)	Name of the Company	Nature	Purpose		Amount	Amount
	Eclat Developers Pvt Ltd	Unsecured	Working Capital	12%	70.00	-
	Nine Globe Industries P. Ltd	Unsecured	Working Capital	16%	85.00	85.00

Note No: 9 (b) Other financial assets - Current

	Particulars	As at 31st March, 2019	As at 31st March, 2018
(a)	Interest Receivable	47.14	15.04
(b)	Unbilled revenue receivable	48.54	42.81
(c)	Other Receivable	-	1.21
		95.68	59.06

Note No: 10 Other Current Assets

	Particulars	As at 31st March, 2019	As at 31st March, 2018
(a)	Deferred Lease	11.45	5.37
(b)	Advances to supplier	1.98	2.40
(c)	Prepaid expenses	4.89	16.72
(d)	Balances with government authorities	4.24	4.24
		22.56	28.73

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VERIFACTS SERVICES PRIVATE LIMITED

Notes to the financial statements for the year ended 31st March, 2019

Note No: 11 Equity

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	No. of shares	Amount	No. of shares	Amount
	Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
(a) Share Capital				
Authorized:				
10,00,000 Equity Shares of ₹ 10 each	10,00,000	100.00	10,00,000	100.00
		100.00		100.00
Issued:				
5,00,000 Equity Shares of ₹ 10 each	5,00,000	50.00	5,00,000	50.00
		50.00		50.00
Subscribed & Fully Paid up:				
5,00,000 Equity Shares of ₹ 10 each	5,00,000	50.00	5,00,000	50.00
		50.00		50.00
Total		50.00		50.00

(a) Reconciliation of the number of shares outstanding

Particulars	Equity Shares			
	As at 31st March, 2019		As at 31st March, 2018	
	Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
Shares outstanding at the beginning of the year	5,00,000	50.00	5,00,000	50.00
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	5,00,000	50.00	5,00,000	50.00

(b) Rights, preferences, and restriction attached to shares.

The company has only one class of equity shares having par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting except, in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining asset of the company after distribution of all preferential amount, in the proportion of their shareholding.

(c) Details of Share Holders holding more than 5%

Name of Shareholder	As at 31st March, 2019		As at 31st March, 2018	
	Nos. of Shares held	% of Holding	Nos. of Shares held	% of Holding
Modern India Limited	5,00,000	100.00%	3,80,000	76.00%
Col. Swapan Bhadra	-	-	1,20,000	24.00%

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Note No: 12 Other Equity

(₹ in Lakhs)

Particulars	General reserve	Retained earnings	Other Comprehensive	Total
Opening Balance as at 1st April 2017	11.37	870.58	(3.50)	878.45
Profit for the year	-	82.09	-	82.09
Other Comprehensive income for the year	-	-	2.10	2.10
Dividend on Equity Shares	-	(25.00)	-	(25.00)
Dividend Distribution Tax	-	(5.09)	-	(5.09)
Balance As at 31st March, 2018	11.37	922.57	(1.39)	932.56
Opening Balance as at 1st April 2018	11.37	922.57	(1.39)	932.56
Profit for the year	-	107.24	-	107.24
Other Comprehensive income for the year	-	-	0.40	0.40
Dividend on Equity Shares	-	(25.00)	-	(25.00)
Dividend Distribution Tax	-	(5.14)	-	(5.14)
Balance As at 31st March, 2019	11.37	999.67	(0.99)	1,010.05

General reserve: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer. Items included under General Reserve shall not be reclassified back into the P&L.

Retained earnings: Retained Earnings represents surplus i.e. balance of the relevant column in the Statement of Changes in Equity.

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VERIFACTS SERVICES PRIVATE LIMITED
Notes to the financial statements for the year ended 31st March, 2019
Note No: 13 (a) Provisions - Non current

Particulars		As at 31st March, 2019	As at 31st March, 2018
Provision for Employee Benefits Gratuity (Unfunded)		39.75	34.08
		39.75	34.08

Note No: 13 (b) Provisions - Current

Particulars		As at 31st March, 2019	As at 31st March, 2018
Provision for Employee Benefits Gratuity (Unfunded)		1.61	1.70
		1.61	1.70

Note No: 14 Short Term Borrowings

Particulars		As at 31st March, 2019	As at 31st March, 2018
Secured:			
Loan Repayable on Demand From Banks			
(a)	SVC Co-Operative Bank Limited (Secured by pledge of Fixed Deposit with SVC Co-Operative Bank Limited. The rate of interest is 8.85% Per Annum (Previous year 8.85% Per Annum))	30.67	28.82
(b)	RBL Bank Limited (Secured by Charge on Book Debts and pledge of Fixed Deposit with RBL Bank Limited. The rate of interest is 10.45% to 11.25% Per Annum (Previous year 10.45% Per Annum))	142.74	115.31
Total Short Term Borrowings		173.40	144.13

Note No: 15 (a) Trade Payables

Particulars		As at 31st March, 2019	As at 31st March, 2018
Total outstanding dues of Micro and Small Enterprises		-	-
Total outstanding dues of creditors other than Micro and Small Enterprises		111.70	79.20
		111.70	79.20

Refer Note No. 25

Note No: 15 (b) Other financial liabilities - Current

Particulars		As at 31st March, 2019	As at 31st March, 2018
Other Payables		84.62	64.18
		84.62	64.18

Note No: 16 Other Current Liabilities

Particulars		As at 31st March, 2019	As at 31st March, 2018
(a)	Advances Received	1.06	0.61
(b)	Other payables - Statutory Dues	54.35	36.38
(c)	Overdrawn Bank Balances	-	21.70
		55.42	58.69



VERIFACTS SERVICES PRIVATE LIMITED

Notes to the financial statements for the year ended 31st March, 2019

Note No: 17 Revenue from Operations

(₹ in Lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Revenue from Operations	1,886.39	1,845.32
	1,886.39	1,845.32

Note No: 18 Other Income

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
(a) Interest on deposits and Income Tax refund	52.91	29.85
(b) Interest received on mutual funds	9.96	4.47
(c) Net Gain on sale of Investments-mutual funds	-	0.67
(d) Dividend income	-	0.38
(e) Miscellaneous income	3.09	2.47
(f) Fair value gain on financial instruments at FVTPL	-	2.66
(g) Interest income on Financial Assets at Amortised Cost	4.48	3.93
(h) Profit on foreign exchange (net)	0.23	-
	70.67	44.43

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Note No: 19 Employees Benefit Expenses:

(₹ in Lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Salaries Wages & Bonus	806.13	799.62
Contribution to Provident and other funds	62.80	61.65
Gratuity	17.07	17.77
Staff Welfare Expenses	13.13	15.81
	899.14	894.85

Note No: 20 Finance Cost:

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Interest on Bank Loans	18.04	13.34
	18.04	13.34

Note No: 21 Other Expenses:

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Verification Charges Paid	363.40	403.68
Travelling & Conveyance	50.26	58.39
Telephone & Internet Charges	34.70	37.21
Electricity Charges	29.41	28.82
Rent	115.50	101.69
Repairs & Maintenance		
Plant & Machinery	8.88	9.39
Building	6.18	2.69
Others	2.56	1.23
Insurance	0.79	0.96
Rates and Taxes	4.13	1.83
Legal and Professional Charges	56.71	52.04
Business Support Services (Paid to Holding Company)	78.00	53.00
Donation	0.02	-
Directors Sitting Fees (Includes ₹ 1.20 Lakhs (PY ₹ 1.10 Lakhs) paid to Related Party)	3.30	3.30
Payment to Auditors:		
For Statutory Audit	2.25	2.25
For Tax Audit	0.75	-
For Certification	1.00	2.20
Advertisement and Business Promotion Expenses	21.97	4.49
Loss on sale of Property, Plant & Equipments (Net)	8.17	0.32
Loss on foreign exchange (net)	-	2.16
Bank charges	2.19	2.72
Membership Fees & Subscription fees	9.71	12.62
Office Expenses	14.00	14.90
Printing & Stationery	2.61	4.01
Office Shifting Expenses	2.28	-
Commission and brokerage charges	4.91	-
Fair value loss on financial instruments at FVTPL	8.34	-
Loss on Sale of Investment	1.29	-
Bad Debts written off	2.01	-
Amount no longer recoverable written off	5.16	-
Miscellaneous Expenses	7.50	10.68
	847.97	810.59



VERIFACTS SERVICES PRIVATE LIMITED

Notes to the financial statements for the year ended 31st March, 2019

Note No. 22 :- Current Tax and Deferred Tax

(a) Income Tax recognised in profit and loss

(₹ in Lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Current Tax:		
Current tax on taxable income of the year	50.21	38.20
Deferred Tax		
Deferred tax Charge / (credit)	(9.63)	(5.60)
Total Tax Expense recognised in profit and loss account	40.58	32.60

(b) Numerical Reconciliation between average effective tax rate and applicable tax rate :-

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Profit Before tax from Continuing Operations	147.82	114.69
Enacted income tax rate in India applicable to the company -	27.82%	27.55%
Income Tax using the Company's domestic Tax rate #	41.12	31.60
Tax Effect of :		
Dividend Income / Tax Free Income	(0.64)	(0.10)
Effect of change in Employee benefits	-	-
Effect of change in rate of income tax	-	1.08
Effect of change in Depreciation	-	-
Others	0.10	0.03
Income Tax recognised In P&L from Continuing Operations (Effective Tax Rate)	40.58	32.60

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(c) Movement of Deferred Tax

(₹ in Lakhs)

Particulars	Opening Balance as at 1st April, 2018	Recognised in profit and Loss in 2018-19	Recognised in OCI in 2018-19	Closing Balance as on 31st March, 2019
Tax effect of items constituting deferred tax assets				
Employee Benefits	9.95	1.71	(0.16)	11.51
Depreciation	8.36	4.58	-	12.94
Others	0.74	3.35	-	4.09
	19.06	9.63	(0.16)	28.53
Net Tax Asset (Liabilities)	19.06	9.63	(0.16)	28.53
Tax effect of items constituting deferred tax assets				
Employee Benefits	9.30	1.46	(0.81)	9.95
Depreciation	4.96	3.40	-	8.36
Others	-	0.74	-	0.74
	14.27	5.60	(0.81)	19.06
Net Tax Asset (Liabilities)	14.27	5.60	(0.81)	19.06

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Note No: 23 Earning Per Share:

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Earning Per Share has been calculated as under:		
(a) Profit After Taxation and Exceptional Items	107.24	82.09
(b) Number of Equity Shares Outstanding (Face Value ₹ 10/-)	5,00,000	5,00,000
(c) Earning per Share (Face Value of ₹ 10/- per share) - (a) / (b) (Basic and diluted)	21.45	16.42

Note No: 24 Capital & Other Commitments:

Estimated Value of Contracts on Capital Account remaining to be executed and not provided for (Net of Capital Advances) is Nil (Previous year Nil)

Note No: 25 Details of dues to Micro and Small Enterprises as required under section 22 of MSMED Act, 2006.

There are no Micro and Small Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at the Balance Sheet date. Further, the Company has not paid any interest to any Micro and Small Enterprise during the accounting year, nor is any interest payable to any Micro and Small Enterprise as at the Balance Sheet Date. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the Auditors.

Note No: 26 Related Party Disclosures as per Ind AS 24

i Related Parties and Relationships:

Holding Company :

Modern India limited

Key Management Personnel & Relatives :

(a) Mr. V K Jatia - Director

(b) Mr. S.D. Israni - Director

(c) Mr. A.R. Birla - Director

(d) Mr. Somesh Auddy - C.E.O. (Appointed w.e.f 01.06.2018)

(e) Col. Swapan Bhadra - C.E.O. (Resigned w.e.f 01.06.2018)

(₹ in Lakhs)

ii	Related Party Transactions:	2018-19	2017-18
a	Directors Sitting Fees		
	Mr. V K Jatia	1.20	1.10
	Mr. S.D. Israni	1.20	1.10
	Mr. A.R. Birla	0.90	1.10
b	Professional Fees - Col. Swapan Bhadra	10.50	-
c	Sale of Car - Col. Swapan Bhadra	2.32	-
d	Salary Paid		
	Col. Swapan Bhadra	21.00	84.00
	Mr. Somesh Auddy	37.48	-
e	Business Support Services paid		
	Modern India Limited	78.00	53.00
f	Dividend Paid :		
	Modern India Limited	19.00	19.00
	Mr. Swapan Bhadra	6.00	6.00
g	Short Term Loan received and repaid		
	Modern India Limited	10.00	75.00
h	Sale of Services		
	Modern India Limited	0.01	
i	Interest on Loan		
	Modern India Limited	0.00	0.07
iii	Outstanding Balances:		
a	Other current liabilities- Employee benefits payable		
	Col. Swapan Bhadra	-	

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VERIFACTS SERVICES PRIVATE LIMITED

Notes to the financial statements for the year ended 31st March, 2019

Note No. 27 Employee Benefit Obligations
A. Defined Benefits Plans: Gratuity (Unfunded)

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is an unfunded plan.

As per Actuarial Valuation as on 31st March, 2019 and 31st March, 2018 and recognised in the financial statements in respect of Employee Benefit Schemes:

(₹ in Lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
I. Change in the defined benefit obligation		
1. Present value of defined benefit obligation at the beginning of the year	35.78	27.08
Current Service Cost	14.38	10.83
Past Service Cost	-	5.30
Interest Cost	2.69	1.92
Remeasurement gains / (losses)	(0.56)	(2.92)
Benefit payments	(10.93)	(6.44)
Others (Specify)		
Present value of defined benefit obligation at the end of the year	41.36	35.78
II. Expense recognised in the Statement of Profit and Loss		
1. Current service cost	14.38	10.83
2. Past Service Credit	-	5.30
3. Interest cost	2.69	1.92
TOTAL	17.07	18.05
III. Remeasurement (gains) / losses recognised in other Comprehensive Income		
Actuarial gains and loss arising from changes in financial assumptions	0.30	6.39
Actuarial gains and loss arising from experience adjustments	(0.86)	(9.30)
TOTAL	(0.56)	(2.92)
IV. Actuarial assumptions		
	31-Mar-19	31-Mar-18
1. Discount rate	7.65%	7.70%
2. Salary escalation rate - over a long-term	7%	7%
3. Mortality rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
4. Average future working lifetime	15 years	13 years
5. Attrition rate	Age upto 30: 10% , Age 31-40: 5% , Age 41-50: 3% , Age 51- 55: 2% and Age above 56: 1%	Age upto 30: 10% , Age 31-40: 5% , Age 41-50: 3% , Age 51- 55: 2% and Age above 56: 1%
Retirement Age	65 Years	60 Years



V. Sensitivity analysis for each significant actuarial assumption	31-Mar-19	31-Mar-18
	0.5% increase	
Discount rate	(2.83)	(2.55)
Salary escalation rate - over a long-term	2.27	2.19
0.5% Decrease		
Discount rate	3.17	2.30
Salary escalation rate - over a long-term	(2.26)	(2.18)
VI. Maturity analysis of defined benefit obligation		
Within the next 12 months	1.61	1.70
Between 2 and 5 years	9.63	8.08
Between 6 and 10 years	12.78	11.99
Total expected payments	24.02	21.77

B. Defined Contribution Plans:

(a) The Company has recognised the following amounts in the Statement of Profit and Loss for the year:

Particulars	31-Mar-19	31-Mar-18
Contribution to provident fund	40.76	40.06
Contribution to Employee's State Insurance	21.89	21.49

(c) Current/ non-current classification

Particulars	31-Mar-19	31-Mar-18
Gratuity		
Current	1.61	1.70
Non Current	39.75	34.08

Note No. 28 :- Disclosures under Ind AS 17

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Details of leasing arrangements		
As Lessee		
<u>Operating Lease</u>		
The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of one year to five years and may be renewed for a further period of upto 36 months based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 5% to 15% every 1 to 3 years.		
Future Non-Cancellable minimum lease commitments		
not later than one year	80.00	73.44
later than one year and not later than five years	429.42	155.16
later than five years	-	-
Expenses recognised in the Statement of Profit and Loss excluding GST		
Minimum Lease Payments	115.50	101.69

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Note No. 29 :- Financial Instruments and Risk Review

Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommend risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures like foreign exchange forward contracts, borrowing strategies and ensuring compliance with market risk limits and policies.

Market Risk- Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

According to the Company interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Exposure to interest rate risk

Particulars	As at 31st March, 2019	As at 31st March, 2018
Total Borrowings	173.40	144.13
% of Borrowings out of above bearing variable rate of interest	100%	100%

Interest rate sensitivity

A change of 50 bps in interest rates would have following Impact on profit before tax

	2018-19	2017-18
50 bp increase would decrease the profit before tax by	0.87	0.72
50 bp decrease would Increase the profit before tax by	0.87	0.72

Market Risk- Price Risk

Exposure

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet at fair value through profit and loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

Sensitivity

The table below summarizes the impact of increases/decreases of the BSE index on the Company's equity and Gain/Loss for the period. The analysis is based on the assumption that the index has increased by 5 % or decreased by 5 % with all other variables held constant, and that all the Company's equity instruments moved in line with the index.



Impact on Profit before tax

Particulars	As at 31st March, 2019	As at 31st March, 2018
BSE Sensex 30- Increase 5%	6.07	14.44
BSE Sensex 30- Decrease 5%	6.07	14.44

Above referred sensitivity pertains to investment in mutual funds and other instruments. Profit for the year would increase/ (decrease) as a result of gains/ losses on equity securities as at fair value through profit or loss.

CREDIT RISK

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- i) Actual or expected significant adverse changes in business,
- ii) Actual or expected significant changes in the operating results of the counterparty,
- iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- iv) Significant increase in credit risk on other financial instruments of the same counterparty,
- v) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the statement of profit and loss.

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

For the Year ended March 31, 2019, in Background Check segment One single customer contributed 10% or more to Company's revenue amounting to ₹ 286.07 Lakhs.

For the previous year ended March 31, 2018, in Background Check segment one customer contributed 10% or more to Company's revenue amounting to ₹ 229.12 Lakhs.

The credit risk on liquid funds is limited because the counterparties are mutual funds with high credit-ratings assigned by international credit-agencies.

Ageing of Account receivables

Particulars	As at 31st March, 2019	As at 31st March, 2018
Not due		
0 to 3 months	414.16	290.37
3 to 6 months	39.92	40.21
6 to 12 months	8.71	23.68
beyond 12 months	8.52	9.88
Total	471.31	364.15

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Notes:

1. Disclosures related to the following are required to be given:

Amount of maximum Exposure to Credit Risk of Each / Group of financial asset where impairment as per Ind AS 109 is not applied.

Amount and description of collateral held as security and credit enhancements that best represent the maximum exposure to credit risk where impairment as per Ind AS 109 is not applied.

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

(₹ in Lakhs)

As at 31st March, 2019	0 to 3 months	3 to 6 months	6 to 12 months	Beyond 12 months	Total
Trade Payable	108.79	2.23	0.54	0.14	111.70
Payable related to Capital goods	-	-	-	-	-
Other Financial liability (Current and Non Current)	55.42	-	-	-	-
Total	164.21	2.23	0.54	0.14	111.70

As at 31st March, 2018	0 to 3 months	3 to 6 months	6 to 12 months	Beyond 12 months	Total
Trade Payable	70.42	0.45	5.43	2.89	79.20
Payable related to Capital goods	-	-	-	-	-
Other Financial liability (Current and Non Current)	58.69	-	-	-	58.69
Total	129.11	0.45	5.43	2.89	137.88

Note No. 30 - CAPITAL RISK MANAGEMENT

The Company aim to manages its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders.

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in 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. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

Dividend	As at 31st March, 2019	As at 31st March, 2018
Equity shares		
Final dividend for the year ended 31st March, 2018 of INR 5 per fully paid share	25.00	25.00
Dividends not recognised at the end of the reporting period		
Addition to the above dividends, since year end the directors have recommended the payment of a final dividend of INR 5 per fully paid equity share (31st March, 2018 - INR 5). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	25.00	25.00

Note No. 31:- CATEGORY-WISE CLASIFICATION OF FINANCIAL INSTRUMENTS

(₹ in Lakhs)

Particulars	Refer Note no.	Non-current		Current	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018
Financial Assets measured at Fair value through Profit or loss (FVTPL)					
Investment in Instruments (Net of provision)	3	73.39	81.20	-	-
Investment in Mutual Funds (Net of provision)	3	47.94	207.54	-	-
Investment in shares of immovable property (Net of provision)		-	-	-	-
Financial Assets measured at Fair value through other comprehensive income (FVTOCI)					
		-	-	-	-
Financial Assets measured at amortised cost					
Security Deposits (Net of provision)	4	38.45	34.29	-	-
Trade receivables	7	-	-	472.38	364.15
Cash and cash equivalents	8 (a)	-	-	4.22	10.12
Other balances with banks	8 (b)	-	-	126.63	126.59
Inter Corporate Deposit	9	-	-	155.00	85.00
Other Receivable	9	-	-	-	1.21
Interest Receivable	9	-	-	47.14	15.04
Financial Liabilities measured at amortised cost					
Borrowings	14	-	-	173.40	144.13
Trade payables	-	-	-	111.70	79.20
Other financial liabilities	15	-	-	84.62	64.18

FAIR VALUE MEASUREMENTS		Fair Value hierarchy		
Financial Assets / financial liabilities	Fair Value As at 31-03-2019	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss	121.32	121.32	-	-
Financial assets measured at fair value through other comprehensive income	NA	NA	NA	NA

FAIR VALUE MEASUREMENTS		Fair Value hierarchy		
Financial Assets / financial liabilities	Fair Value As at 31-03-2018	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss	288.74	288.74	-	-
Financial assets measured at fair value through other comprehensive income	NA	NA	NA	NA

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VERIFACTS SERVICES PRIVATE LIMITED

Notes to the financial statements for the year ended 31st March, 2019

Note No. 32:-

In the opinion of the Board of respective Company, current assets, loans and advances are approximately of the value stated, if realised in the ordinary course of business.

Note No. 33:-

In accordance with the relevant provisions of the Companies Act, 2013, the company did not have any long term contracts including derivatives contracts for which there were any material foreseeable losses.

Note No. 34 :- Net Debt Reconciliation

(₹ in Lakhs)

Particulars	31st March, 2019	31st March, 2018
Cash and Cash Equivalents and Bank overdraft	4.22	(11.58)
Non-Current Borrowings (Including Current Maturities)	-	-
Current Borrowings	173.40	144.13
Interest Payable	-	-
Net Debt	177.62	132.55

Particulars	Cash and Cash Equivalents and Bank overdraft	Non-Current Borrowings (Including Current Maturities)	Current Borrowings	Interest Payable	TOTAL
Net Debt as at 1st April, 2018	(11.58)	-	144.13	-	132.55
Cash Flows	15.80	-	29.28	-	45.07
Finance Cost	(18.04)	-	-	-	(18.04)
Interest paid	-	-	-	18.04	18.04
Other Non Cash Movements	-	-	-	-	-
- Fair Value Adjustments	-	-	-	-	-
Net Debt as at 31st March, 2019	(13.83)	-	173.40	18.04	177.62

As per our report attached on even date

For K.S. Aiyar & Co.

Chartered Accountants

ICAI Firm's Registration number-100186W



Sanjay Dave

Partner

Membership Number:25289



Place: Bangalore

Date: 23 MAY 2019



For and on behalf of the Board



Vijay Kumar M Jatia

Chairman

DIN:00096977



S D Israni

Director

DIN:00125532



Somesh Auddy

CEO



A R Birla

Director

DIN:00049517

Place: Mumbai

Date: 22 MAY 2019