# ANNUAL REPORT: 2015-16

**Verifacts Services Pvt. Limited**

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**A MODERN INDIA ENTERPRISE**

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**BOARD OF DIRECTORS**

Mr. Vijay Kumar Jatia

Dr. Shivkumar Israni

Mr. Ashok Raj Birla

**CEO**

Col. Swapan Bhadra

**BANKERS**

Axis Bank Limited

Bank of India

Kotak Mahindra Bank Ltd.
(Formerly – ING Vysya Bank Ltd.)

Shamrao Vithal Co-operative Bank Ltd.

**AUDITORS**

T. V. S. Bhat & Co.

**REGISTERED OFFICE**

47/1, First Floor,
Latchmiaha Business Chambers,
St. John's Road,
Bangalore – 560 042.

Verifacts Services Pvt Ltd.
#47/1, 1st Floor,
Latchmiaha Business Chambers,
St. John's Road, Bangalore - 560042
CIN: U74140KA2005PTC035878

Tel: +91 80 6782 2222
Fax: +91 80 41510771
Email: enquiries@verifacts.co.in
Web: www.verifacts.co.in

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## NOTICE

NOTICE is hereby given that the 11th Annual General Meeting of the Members of **VERIFACTS SERVICES PRIVATE LIMITED** will be held at the Registered Office of the Company, **47/1 First floor, Latchmiaha Business Chambers, St. Johns Road, Bengaluru -42** on Saturday, **the 11th**, June,**2016** at 11:00 a.m. to transact the following business:-

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Financial Statement, the Balance Sheet as at 31st March, 2016, Statement of Profit & Loss and Cash Flow Statement for the year ended as on that date and the Reports of the Directors and Auditors thereon.
2. To declare final dividend, if any.
3. To Ratify Appointment of Statutory Auditor.

By Order of the Board of Directors

Shri Vijaykumar Jatia
Chairman

Place : Mumbai

Dated :21.05.2016

**Registered Office: 47/1 first floor, Latchmiaha Business Chambers, St. Johns Road, Bengaluru -42**

**NOTES**

1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY/PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty(50) and holding in aggregate not more than ten percent of the total share capital of the Company.** IN CASE A PROXY IS PROPOSED TO BE APPOINTED BY A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS, THEN SUCH PROXY SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER. The instrument appointing a proxy duly completed and signed should, however, be deposited at the registered office of the company not less than forty-eight hours before the commencement of the meeting. PROXIES SUBMITTED ON BEHALF OF THE COMPANIES, SOCIETIES ETC., MUST BE SUPPORTED BY AN APPROPRIATE RESOLUTION/AUTHORITY, AS APPLCABLE.A proxy form is sent herewith.

**VERIFACTS SERVICES PRIVATE LIMITED**

**DIRECTORS' REPORT**

Dear Members,

Your Directors are pleased to present the Eleventh Annual Report along with Audited statement of Accounts for the Financial Year ended 31st March, 2016.

**FINANCIAL RESULTS** **Rs. in lacs**

| | Financial year 2015-16 | Financial year 2014-15 |
|---|---|---|
| **Gross profit before Depreciation** | **2,50,64,882** | 1,09,59,536 |
| Less Depreciation / Amortization | **65,18,832** | 50,96,552 |
| **Profit before tax** | **1,85,46,050** | 58,62,984 |
| Less : Exceptional Expenditure | - | - |
| Provision for Taxation | **71,71,156** | 21,90,263 |
| Less MAT credit entitlement | - | - |
| Prior Period Expenses | - | - |
| Deferred Tax | | - |
| **Profit after Tax** | **1,13,74,894** | 36,72,721 |
| Add: Balance brought forward | **7,18,47,177** | 6,88,94,996 |
| Balance available for appropriation | **8,32,22,071** | 7,25,67,717 |
| LESS : Impact of Depreciation / Amortization | - | 7,20,540 |
| LESS : | | |
| APPROPRIATION | | |
| Interim Dividend | **25,00,000** | - |
| Dividend Distribution Tax | **5,08,941** | - |
| Proposed Dividend | - | - |
| Tax on distributed profit | - | - |
| Transferred to General Reserve | **11,37,489** | |
| Balance carried to Balance Sheet | **79,075,641** | 7,18,47,177 |

**GENERAL INFORMATION ABOUT THE COMPANY**

Verifacts Services Private Limited is a human resources consulting company providing background/ antecedents verification services. Verifacts Services Private limited provide services to a large number of multinationals and national companies worldwide.

**PERFORMANCES AND REVIEW OF BUSINESS OPERATIONS**

The Company has undertaken steps to enhance its performance and growth by expanding its business activity. The Company has now started providing an online chat facility to interact with existing and prospective clients. The Company is in negotiation with various prominent companies and firms to provide them with verification and other value added services.

The Company has now started with placing advertisements on various Google apps, which is generating a positive response. The Management is currently concentrating on the marketing activity to promote the various services offered by the Company. The Company has adopted a new logo which appears on various Company documents viz Letterheads, Business Cards, and Envelopes, Email, Website, etc. Even the website has been completely redesigned and updated.

The Management is considering the option of setting up representative office in about 8 to 10 cities across India to explore the avenue of expanding the business. New services like fingerprinting, psychometric test, etc are also being launched.

Training sessions and out bound training for senior employees is being undertaken and a new performance management system is being implemented.

During the year under review, the Company has achieved a turnover of **Rs 18.53 crore** as compared to Rs 14.85 crore during the corresponding previous year with increase by **24.78 percent**. Out of the above, the Company has earned foreign Exchange of **Rs 66, 63,731** as compared to Rs 38,14,585 in the previous year. The Company earned profits after tax of **Rs. 1,13,74,894** as compared to Rs.36,72,721 in the corresponding previous year with an increase of **209.71 percent** There has been a substantial leap in the turnover of the Company and all efforts are being made to increase our turnover .New services like Social media profiling, data base check and quick BGV Services are being offered with existing services. The Company has revamped its marketing strategy and has added many new clients during the year under review.

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**

During the year the company has declared Interim Dividend of 50% i.e. Rs 5 per equity shares of Rs 10 each to reward its stakeholders

**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 | 6 | 6 | NO |
| Shri S D Israni | 6 | 6 | NO |
| Shri A Birla | 6 | 6 | NO |

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

## DIRECTORS AND KEY MANANGERIAL 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 :

| | |
|---|---|
| Shri Swapan Bhadra | CEO |
| Shri Dr. John Chenetra | COO |

## 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 and COO.

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, 2016 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 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 2016.

## 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:

**The Company in its 10th Annual General Meeting of the Company had appointed** M/s TVS Bhat & Co., Chartered Accountants, Bangalore, **for a term of 5 years and that their appointment was subject to ratification at every Annual General Meeting.**

The Board of Directors recommends the ratification of the appointment of the Statutory Auditors for the year 2016-2017 (i.e from the conclusion of the11th Annual General Meeting up to the conclusion of the 12th Annual General Meeting.

## SECRETARIAL AUDIT REOPRT

The provisions of Secretarial Audit don't apply to the Company.

## 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:** During the year under review, the Company has neither accepted nor renewed any Fixed Deposits, under Section 73 & 74 of the Companies Act, 2013.

## 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. The Company is training select employees in each branch to undertake an internal audit over and above the internal audit which is conducted by the internal auditor.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

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

SECURED LOANS: Rs 76,29,940/-

UNSECURED LOANS: NIL

CURRENT/NON CURRENT INVESTMENTS: Non Current Investment Rs. 1.03 Crore as on 31.03.2016

GUARANTEES: NONE

SECURITIES EXTENDED: Secured by Investments in FD.

**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**

Section 135 of the Companies Act, 2013 is not applicable to the company.

**PARTICULARS OF CONTRACT AND ARRANGEMENTS WITH RELATED PARTIES**

Refer Annexure 1- AOC 2

**DISCLOSURE ABOUT COST AUDIT**

Cost Audit is not Applicable to the Company

**RATIOS OF REMUNERATION TO EACH DIRECTOR**

Details about remuneration to each Director are applicable to only listed Company hence the same is not applicable to our Company. Furthermore, no director is paid any remuneration and all Directors receive only sitting fees for the meeting of the Board.

**Reply to Statutory Auditors Qualification**

There are no qualifications in the Statutory Auditors Report.

**As the Company has no associate or joint ventures and no subsidiaries there is no consolidation of accounts.**

**DEFERRED TAX: NIL**

**INSURANCE**

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

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

**Loan /Credit facility of Rs. 15000000/-availed against Investments in FD from Shamrao Vithal Co-Operative Bank Limited.(Total utilized as on 31.03.2016 Rs.76,29,940)**

**MANAGEMENT DISCUSSION AND ANALYSES**

Since the company is a private limited company the provision of listing does not apply the company.

**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**

Since the company is a private limited company the provision of Regulation 53 read with Schedule 5 (Part C) SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 do not apply the company.

**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: 21.05.2016
**Registered Office: 47/1,First Floor,Latchmiaha Business Chambers, St.Johns Road, Bengaluru -560042**

## 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, 2016**

### 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 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 | : | Rs. 66,63,731/- |
| (ii) Outgoing | : | Rs. 91,936/- |

EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH,2016

[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:- U74140KA2005PTC035878

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: 47/1, First Floor, Latchmiaha Business Chambers, St. John Road, Bengaluru, Karnataka: 560042. 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 Modern Centre, Sane Guruja Marg ,Mahalaxmi Mumbai-400011. | L17120MH1933PLC002031 | HOLDING | 76% | 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 | 500000 | 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 | FIIs | - | - |
| | | **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)** | **5,00000** | **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 | | | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shar es | % of total Shares of the compa ny | %of Shares Pledged / encumb e red to total shares | No. of Shar es | % of total Shares of the compa ny | %of Shares Pledged / encumb e red to total shares | % change in share holding during the year |
| 1 | MODERN INDIA LTD | 380000 | 76.00 | - | 380000 | 76.00 | - | - |
| 2 | SHRI SWAPAN BHADRA | 120000 | 24.00 | - | 120000 | 24.00 | - | - |
| | Total | 500000 | 100.00 | | 500000 | 100.00 | - | - |

(iii) *Change in Promoters' Shareholding (please specify, if there is no change)*

NO CHANGES IN PROMOTERS SHAREHOLDING DURING THE PERIOD UNDER REVIEW.

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

NOT APPLICABLE

(v) **Shareholding of Directors and Key Managerial Personnel:**

No Directors are holding shares in the Company and KMP provisions are not applicable to the Company.

## (V) INDEBTEDNESS

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year**<br>i) Principal Amount<br>ii) Interest due but not paid<br>iii) Interest accrued but not due | 8650000<br>NIL<br>NIL | NONE | NONE | 8650000 |
| **Total (i+ii+iii)** | 8650000 | | | 8650000 |
| **Change in Indebtedness during the financial year**<br>• Addition<br>• Reduction | 7629940<br>8650000 | | | 7629940 |
| **Net Change** | | | | |
| **Indebtedness at the end of the financial year**<br>i) Principal Amount<br>ii) Interest due but not paid<br>iii) Interest accrued but not due | 7629940<br>NIL<br>NIL | | | 7629940 |
| **Total (i+ii+iii)** | 7629940 | NIL | NIL | 7629940 |

## 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<br>• Fee for attending board<br>• committee meetings<br>• Commission<br>• Others, please specify | 60,000/- | 60,000/- | 60,000/- | |
| | Total Managerial Remuneration (Sitting Fees) | 60,000/- | 60,000/- | 60,000/- | 1,80,000/- |
| | 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

| SI. NO. | PARTICULARS OF REMUNERATION | KEY MANAGERIAL PERSONNEL | | | |
|---|---|---|---|---|---|
| | | CEO (Rs.in lacs | Company Secretary | CFO | Total |
| 1. | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961<br>(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 240.00<br>Nil<br>Nil | NA | NA | |
| 2. | Stock Option | Nil | NA | NA | |
| 3. | Sweat Equity | Nil | NA | NA | |
| 4. | Commission-as % of Profit others, specify ... | Nil | NA | NA | |
| 5. | Others, please specify | Nil | NA | NA | |
| | Total | 240.00lacs | | | |

**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

## ANNEXURE-1

## 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/contract/ arrangement | Duration of the contract/ transaction | Salient terms of the contract/arrangement/transaction including the value, if any | Date(s) of the approval by Board, if any | Amount paid as advance, if any |
|---|---|---|---|---|---|---|
| 1. | Shri. Vijaykumar Jatia Common Directorship. | Giving Donation to Vijay Jatia Foundation | Fin Year 2015-16 | Donations given to Vijay Jatia Foundation | 09.03.2016 | Rs.4,00,000/- |
| 2 | Shri. Vijaykumar Jatia Common Directorship. | Verification Services provided to Indian Hume Pipe Co Ltd | One time | Verification Services | 17.03.2016 | Rs.1,700/- |

*** It may be noted that an amount of Rs.1000 was given as Donation to Karnataka Rakshana Vedhike by the Company on 22.01.2016**

Vijay Kumar Jatia
Director

**T.V.S. BHAT AND CO.**
*Chartered Accountants*

C-1, Ground Floor, Shree Balaji Enclave, No. 5, 13th A Cross, 2nd Block,
Jayanagar, Bengaluru - 560011. Phone:+91-80-41472382 / 41134643
e-mail : tvsbhat@gmail.com

# Independent Auditor's Report

To

The members of Verifacts Services Private Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of VERIFACTS SERVICES PRIVATE LIMITED ('the Company') which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**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 Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

T.V.S. BHAT AND CO. Bengaluru Chartered Accountants

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016 and its profit and its cash flow for the year ended on that date.

**Report on other Legal and Regulatory Requirements**

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

As required by section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016, 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 finacial reporting of the company and the operating effectiveness of such controls refer to our separate Report in *Annexure B*.

T.V.S. BHAT AND CO. Bengaluru Chartered Accountants

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

i. The company does not have any pending litigations which would impact its 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

Place: Bengaluru
Date: 21/05/2016.

For T.V.S. BHAT AND CO.
Chartered Accountants
FRN 000474S

T.V.S. BHAT AND CO. Bengaluru Chartered Accountants

(T.V.SUBRAMANYA BHAT)
Proprietor.
*Membership No. 019006*

**T.V.S. BHAT AND CO.**
Chartered Accountants
C-1, G.Floor, Shree Balaji Enclave,
13th 'A' Cross, 2nd Block,
Jayanagar, BENGALURU-560 011

## *Annexure A*

*The annexure referred to in the Auditor's Report to the members of Verifacts Services Private Limited (th Company) for the year ended on 31st March, 2016.*

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) The fixed assets have been physically verified by the management during the year which, in our opinion is reasonable having regard to the nature of its assets.No material discrepancies were noticed on such verification.

   (c) The company does not own any immovable properties in its name.

2. (a) The company does not have any invenotries and therefore the provisions of clause 3 (ii) of the Order are not applicable to this company.

3. As explained to us the Company has not granted any loans secured or unsecured to Companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

4. The company has not given loans, investments, guarantees to which provisions of Section 185 and 186 of the Companies Act, 2013 apply.

5. As per the records of the Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act 2013 and hence the directives issued by the Reserve Bank of India and other relevant provisions of the Act are not applicable to this Company.

6. As per the information and explanations given to us, maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act 2013in respect of the activities carried on by this Company..

7. (a) According to the information and explanations given to us and on the basis of our examination of the books of accounts of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Custom Duty, Excise Duty, Cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2016 for a period of more than six months from the date they became payable.

   (b) According to the information and explanations given to us, there is no due of income tax, service tax, sales tax, customs duty and excise duty outstanding on account of any dispute.

8. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or government or debenture holders.

T.V.S. BHAT AND CO. Bengaluru Chartered Accountants

9. Based on our audit procedures and on the information given by the management, the Company has not raised money by way of initial public offer or futher public offer including debt instruments and term loan.

10. Based on our audit procedures and on the information given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

11. Based upon our audit procedures and on the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance withtebrequisite approvals mandated by the provisions of Section197 read with Schedule V to the Companies Act, 2013.

12. In our opinion we report that the company is not a Nidhi company and therefore the provins of clause 3 (xii) of the Order is not applicable to this company.

13. In our opinion all the tranactions with the rellated parties are in compliance with Section 177 and 188 of Companies At, 2013 and the details have been disclosed in he financial statements as required by the accounting standards.

14. Based upon our audit procedures and on the information given by the management, the company has not made any preferential allotment/ private placement of shares during the year and therefore provisions of clause 3(xiv) of the Order is not applicable to this company.

15. Based on our audit procedures and on the information given by the management, the company has not entered into any non-cash transactions with directors / persons connected with him and therefore provisions of clause 3(xv) of the Order is not applicable to this Company.

16. In our opinion the company is not required to be registered under Section 45IA of the Reserve Bank of India Act, 1934 and accordingly provisions of clause 3(xvi) of the Order is not applicable to this Company.

Place: Bengaluru
Date: 21/05/2016.

For T.V.S. BHAT AND CO.
Chartered Accountants
FRN 000474S

T.V.S. BHAT AND CO. Bengaluru Chartered Accountants

(T.V.SUBRAMANYA BHAT)
Proprietor.
*Membership No. 019006*

**T.V.S. BHAT AND CO.**
Chartered Accountants
C-1, G.Floor, Shree Balaji Enclave,
13th 'A' Cross, 2nd Block,
Jayanagar, BENGALURU-560 011

**'Annexure – B':** *The annexure referred to in the Auditor's Report to the members of Verifacts Services Private Limited (the Company) for the year ended on 31st March, 2016.*

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

We have audited the internal financial controls over financial reporting of Verifacts Services Private Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over finacial reporting criteria established by the Company considering the essential componentsof internal control stated in the Guidance Note on Audit of Internal Financial Controls over Fianacial 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's Internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance N ote on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal Financial Controls and both issued by the institute of Charted Accountants of India. 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 controls over financial reporting assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

V.S. BHAT AND CO. Bangalore Chartered Accountants

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

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external pruposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedure that –

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

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

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evalution 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 procedure may deteriorate.

**Opinion**

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over finacial reporting criteria established by the Company considering the essential componentsof internal control stated in the Guidance Note on Audit of Internal Financial Controls over Fianacial Reporting issued by the Institute of Chartered Accountants of India.

Place: Bengaluru
Date: 21/05/2016.

For T.V.S. BHAT AND CO.
Chartered Accountants
FRN 000474S

T.V.S. BHAT AND CO. Bengaluru Chartered Accountants

(T.V.SUBRAMANYA BHAT)
Proprietor.
*Membership No. 019006*

**T.V.S. BHAT AND CO.**
Chartered Accountants
C-1, G.Floor, Shree Balaji Enclave,
13th 'A' Cross, 2nd Block,
Jayanagar, BENGALURU-560 011

# VERIFACTS SERVICES PRIVATE LIMITED

## Balance Sheet as at 31st March, 2016.

(Amount in ₹ )

| | Note No. | As at March 31, 2016. | As at 31st March 2015 |
|---|---|---|---|
| I. **EQUITY AND LIABILITIES** | | | |
| **(1) Shareholders' Funds:** | | | |
| ( a ) Share Capital | 2 | 50,00,000 | 50,00,000 |
| ( b ) Reserves and Surplus | 3 | 8,02,13,130 | 7,18,47,177 |
| | | 8,52,13,130 | 7,68,47,177 |
| **(2) Non-current Liabilities:** | | | |
| Long-term Provisions | 5 | 15,60,601 | 5,18,090 |
| | | 15,60,601 | 5,18,090 |
| **(3) Current Liabilities:** | | | |
| ( a ) Short-term Borrowings | 6 | 76,29,940 | 15,49,094 |
| ( b ) Trade Payables | | 1,08,58,987 | 75,79,798 |
| ( c ) Other Current Liabilities | 7 | 9,64,993 | 16,32,960 |
| ( d ) Short-term Provisions | 8 | 74,29,483 | 60,81,433 |
| | | 2,68,83,403 | 1,68,43,284 |
| **TOTAL** | | 11,36,57,134 | 9,42,08,552 |
| II. **ASSETS:** | | | |
| **(1) Non-current Assets** | | | |
| ( a ) Fixed Assets | 9 | | |
| (i) Tangible Assets | | 97,77,500 | 84,49,540 |
| (ii) Intangible Assets | | 21,84,033 | 12,60,496 |
| | | 1,19,61,533 | 97,10,036 |
| ( b ) Non Current Investments | 10 | 1,03,01,604 | - |
| ( c ) Long term Loans and Advances | 11 | 2,29,41,539 | 2,51,12,538 |
| **(2) Current Assets:** | | | |
| ( a ) Trade Receivables | 12 | 4,33,76,081 | 2,92,82,506 |
| ( b ) Cash and Bank Balances | 13 | 1,27,61,155 | 1,19,24,377 |
| ( c ) Short term Loans and Advances | 14 | 1,19,20,307 | 1,81,79,093 |
| ( d ) Other Current Assets | 15 | 3,94,915 | - |
| | | 6,84,52,458 | 5,93,85,976 |
| **TOTAL** | | 11,36,57,134 | 9,42,08,552 |
| Significant Accounting Policies & Notes on Accounts | 1 to 26 | | |

As per our report attached
**For TVS Bhat And Co**
Chartered Accountants
Firm Reg. No. 000474S

T.V.S. BHAT AND CO. Bengaluru Chartered Accountants

**T V Subramanya Bhat**
*Proprietor*
Membership No. : 019006
Address : G Floor, Shree Balaji Enclave,
Jayanagar 2nd Block, Bangalore - 560011
**Place: Bangalore**
Date: 21 MAY 2016

For and On behalf of the Board

**CEO** **Chairman** **Director** **Director**

Place: **Mumbai**
Date: 21 MAY 2016

## VERIFACTS SERVICES PRIVATE LIMITED
### Statement of Profit and Loss for the Year ended 31st March, 2016.

(Amount in ₹ )

| | | Note No. | 2015-16 | 2014-15 |
|---|---|---|---|---|
| I. | Revenue from Operations | 16 | 18,53,41,129 | 14,85,54,904 |
| II. | Other Income | 17 | 60,31,947 | 34,81,954 |
| III. | Total ( I + II ) | | 19,13,73,076 | 15,20,36,858 |
| IV. | Expenses: | | | |
| | ( a ) Cost of Service | 18 | 5,25,05,147 | 4,18,60,057 |
| | ( c ) Employee benefits expenses | 19 | 8,92,31,674 | 7,82,74,169 |
| | ( d ) Finance Cost | 20 | 14,28,828 | 10,22,758 |
| | ( e ) Depreciation and Amortization expenses | | 65,18,832 | 50,96,552 |
| | ( f ) Other expenses | 21 | 2,31,42,545 | 1,99,20,337 |
| | Total | | 17,28,27,026 | 14,61,73,873 |
| V. | Profit before exceptional and extraordinary items and tax | | 1,85,46,050 | 58,62,984 |
| VI. | Exceptional item - Net | | - | - |
| VII. | Profit before extraordinary items and tax | | 1,85,46,050 | 58,62,984 |
| VIII. | Extraordinary Items | | - | - |
| IX. | Profit before Prior period Expenses and Tax | | 1,85,46,050 | 58,62,984 |
| X. | Prior Period Expenses | | - | - |
| XI. | Profit before Tax | | 1,85,46,050 | 58,62,984 |
| XII | Tax expense: | | | |
| | Current Tax | | 71,71,156 | 21,90,263 |
| XIII. | Profit for the period after Tax | | 1,13,74,894 | 36,72,721 |
| | **Profit Transferred to Balance Sheet** | | 1,13,74,894 | 36,72,721 |
| XIV | Earnings per Equity Share | | | |
| | (1) Basic | | 22.75 | 7.35 |
| | (2) Diluted | | 22.75 | 7.35 |
| | Significant Accounting Policies & Notes on Accounts | 1 to 26 | | |

The Notes referred to above form an integral part of the Statement of Profit and Loss

As per our report attached
**For TVS Bhat And Co**
Chartered Accountants
Firm Reg. No. 000474S

T.V.S. BHAT AND CO. Bengaluru Chartered Accountants

**T V Subramanya Bhat**
*Proprietor*
Membership No. : 019006
Address : G Floor, Shree Balaji Enclave,
Jayanagar 2nd Block, Bangalore - 560011
**Place: Bangalore**
**Date:** 21 MAY 2016

For and On behalf of the Board

**CEO** **Chairman** **Director** **Director**

**Place: Mumbai**
**Date:** 21 MAY 2016

# VERIFACTS SERVICES PVT LTD

## CASH FLOW STATEMENT FOR THE YEAR 2015-2016

| | Particulars | 2015-16 | | 2014-15 | |
|---|---|---|---|---|---|
| | | Amount | Amount | Amount | Amount |
| A | **INFLOW OF CASH** | | | | |
| | Opening Balance Of Cash | **2,57,344** | | 2,11,676 | |
| | Opening Balance of Bank | **26,67,033** | **29,24,377** | 26,72,043 | **28,83,719** |
| | **Add: -** | | | | |
| | Received from Debtors Realisation | 17,81,65,147 | | 15,95,97,411 | |
| | Rent Deposit | 25,000 | | 15,10,000 | |
| | Interest received from Investment | 5,96,331 | | - | |
| | Cash Sales & Received from Other services | 2,07,541 | | 43,768 | |
| | From Withdrawal of Birla sunlife fund | 1,41,39,609 | | 60,00,000 | |
| | Nine Globe industries | 54,72,562 | | 10,91,244 | |
| | Income Tax Refund | 1,30,12,577 | | 1,46,05,894 | |
| | Interest received from Income Tax Refund | 13,20,512 | | 14,14,216 | |
| | Other non operative income | 5,98,356 | **21,35,37,635** | 7,050 | **18,42,69,583** |
| | **TOTAL INFLOW (A)** | | **21,64,62,012** | | **18,71,53,302** |
| B | **OUT FLOW** | | | | |
| | **Current liabilities** | | | | |
| | D D T Paid | 5,08,941 | | - | |
| | Payment for Provisons | 7,95,63,306 | | 6,40,68,762 | |
| | Srevice Tax paid | 1,80,25,880 | | 1,75,81,649 | |
| | TDS paid | 1,23,70,996 | | 87,86,226 | |
| | ESIC ,PF & PT PAID | 46,33,843 | | 32,71,989 | |
| | Dividend payment | 25,00,000 | | - | |
| | Payemnt To Creditors | 6,17,53,172 | | 5,38,89,438 | |
| | Payment for Corporate Card | 13,11,710 | **18,06,67,848** | - | **14,75,98,064** |
| | **Fixed Assets** | | **6,08,735** | | 10,23,889 |
| | **Investments** | | 1,35,00,000 | | 1,68,00,709 |
| | **Other Advance and Deposits** | | **71,62,949** | | - |
| | **Operating Expenses** | | **1,03,55,059** | | 1,09,91,743 |
| | **Personal and welfare Expenses** | | **17,85,735** | | 31,31,160 |
| | **Indirect Expenses** | | **37,41,532** | | 46,83,360 |
| | **TOTAL OUT FLOW ( B)** | | **21,78,21,858** | | **18,42,28,925** |
| | NETT INFLOW ( A- B ) | | **(13,59,846)** | | **29,24,377** |
| | CASH AT BANK | 49,07,496 | | 42,16,127 | |
| | CASN HAND | 13,62,598 | | 2,57,344 | |
| | CC USED in SVC BANK | (76,29,940) | | (15,49,094) | |
| | TOTAL | **(13,59,846)** | | **29,24,377** | |

T.V.S. BHAT AND CO. Bengaluru Chartered Accountants

## VERIFACTS SERVICES PRIVATE LIMITED

**Note No. 1 : SIGNIFICANT OF ACCOUNTING POLICIES**

**A BASIS OF PREPERATION OF FINANCIAL STATEMENT :**

The Financial Statement of the company have been prepared in acordance with Indian generally accepted accounting principles under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under section 133 of the Companies Act 2013 read with rule 7 of the Companies (Accounts) Rules 2014.The provisions of the Act and guide lines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued Accounting standard requires a change in the Accounting Policy hitherto in use.

**B USE OF ESTIMATES :**

The preperation of financial statements requires the management to make estimates and assumptions that affect the reported amount of Assets, liabilities and contingent liabilities on the date of the financial statements and the reported amounts of revinues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known / materialised.

**C FIXED ASSESTS:**

**i) Tangible Assets ;**

Tangible Assets are stated at the cost of acquisition including the expenses relating to acquisition, errection, construction,and interest up to the date of installation/ completion of construction of the Assets less accumulated depreciation and impairments, if any. Capital in progress comprises the cost of fixed assets that are not yet ready for the intended use at the reporting date.

**ii) Intangible Assets ;**

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

**D DEPRECIATION / AMORTISATION :**

**i) Tangible Assets ;**

Depreciation is provided at the rate and in the manner specified in Schedule II to the Companies Act,2013 as under;

(a) on Plant and Machinery, on Written Down Value Method.

(b) On other Assets, on Written Down Value Method.

**ii) Intangible Assets ;**

Intangible assets are amortised on a straight line basis over the estimated useful economic life.The Company uses a rebuttable preseumption that the useful economic life of an intangible asset will not exceed 3 year s from the date when the asset is available for use.

**E INVESTMENTS :**

The Company has made short-term fixed deposits in The Shamarao Vithal Co- Operative Bank Ltd and Ambit Alpha Fund. Accumulated interest will be received on maturity basis.

**F REVENUE RECOGNITION :**

All income arising from BGV services to various IT sectors and non IT sectors. And interest earnings on deposits is accounted on accrual basis.

**G FINANCE COSTS :**

Finance costs inludes interest,ancillary cost in connection with the arrangement of Borrowings.

**H EMPLOYEE BENEFITS :**

Defined contribution plan:- Retirement benefit in the form of provident fund is a defined contributions scheme. The contribution to the provident fund and applicable charges are charged to the statement of profit and loss of the year on due basis. The Company has no obligation, otherthan the contribution payable to the provident fund.

**I FOREIGN CURRENCY TRANSACTIONS :**

Transactions in Foreign Currency are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences on monetary items:

**J EARNING PER SHARE :**

Basic earnings per share is aclculated by deviding the net profit or loss for the period attributable to equity share holders by the weighted average no of equity shares outstanding during the period.

**K PROVISIONS AND CONTINGENCIES :**

The provision is recognised when there is a present obligation as a result of a past event if it is probable that an out flow of resources will be required to settele the obligation and in respect of which reliable estimates can be made. Provisions are not discounted to their present value and are determined based on the estimate required to setteled the obligation at the year end date. Contingent liabilities are not recogonised but are disclosed in the financial statement. Contingent assets are neither recognised nor disclosed in the financial statements.

**L IMPAIRMENT OF ASSETS :**

An asset is treated as impair in the carrying cost of asset exceeds is recoverable amount. An impairment loss is charged to the statement of profit and loss in the year in which an asset is identified as impaired.The impairment loss recognised in prior accounting period is reversed if there has been change in the estimate of recoverable amount.

## VERIFACTS SERVICES PRIVATE LIMITED

| Note No: 2 (a) Share Capital | As at March 31, 2016 Number | As at March 31, 2016 Rs. | As at March 31, 2015 Number | As at March 31, 2015 Rs. |
|---|---|---|---|---|
| **Authorized:** | | | | |
| 1000000 Equity Shares of Rs. 10 each | 10,00,000 | 1,00,00,000 | 10,00,000 | 1,00,00,000 |
| | | 1,00,00,000 | | 1,00,00,000 |
| **Issued:** | | | | |
| 500000 Equity Shares of Rs. 10 each | 5,00,000 | 50,00,000 | 5,00,000 | 50,00,000 |
| | | 50,00,000 | | 50,00,000 |
| **Subscribed & Fully Paid up:** | | | | |
| 500000 Equity Shares of Rs. 10 each | 5,00,000 | 50,00,000 | 5,00,000 | 50,00,000 |
| | | 50,00,000 | | 50,00,000 |

(a) Reconciliation of Number of shares outstanding at the beginning and at the end of the reporting period.

| Equity Shares | As at March 31, 2016 Number | | As at March 31, 2015 Number | |
|---|---|---|---|---|
| Shares outstanding at the beginning of the year | 5,00,000 | 50,00,000 | 5,00,000 | 50,00,000 |
| Shares Issued during the year | - | - | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 5,00,000 | 50,00,000 | 5,00,000 | 50,00,000 |

(b) **Terms / Rights attached to Equity Shares:**
The Company has only one class of Equity Shares having a per value of Rs.10/- per Share. Each holder of equity shares is entitled to one vote per share.

(c) **Details of shareholders holding more than 5% shares in the Company**

| | As at March 31, 2016 No. of Equity Shares held | As at March 31, 2015 No. of Equity Shares held |
|---|---|---|
| Modern India Limited | 3,80,000 | 3,80,000 |
| Swapan Bhadra | 1,20,000 | 1,20,000 |

| Note No: 3 Reserves and Surplus | | As at March 31, 2016 | As at March 31, 2015 |
|---|---|---|---|
| **General Reserve** | | | |
| Transfer during the year | | 11,37,489 | - |
| **Surplus** | | | |
| As per last Balance Sheet | | 7,18,47,177 | 6,88,94,996 |
| Less: Impact of Depreciation / Amortization | | - | 7,20,540 |
| | | 7,18,47,177 | 6,81,74,456 |
| Add: Profit for the Current Year | | 1,13,74,894 | 36,72,721 |
| | | 8,32,22,071 | 7,18,47,177 |
| Less: Divedend @ 50% i.e. Rs. 5 per share. | 25,00,000 | | |
| Less: Tax on Distributed Profit | 5,08,941 | 30,08,941 | - |
| Less: Transferred to General Reserve | | 11,37,489 | - |
| | | 7,90,75,640 | - |
| **Total of Reserves and Surplus** | | 8,02,13,130 | 7,18,47,177 |

Note No: 4 **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 30 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: 5 Long Term Provisions | | |
|---|---|---|
| **Provision for Employee Benefits** | | |
| Gratuity (Unfunded) | 15,60,601 | 5,18,090 |
| | 15,60,601 | 5,18,090 |

T.V.S. BHAT AND CO. Bangalore Chartered Accountants

| | | As at March 31, 2016 | As at March 31, 2015 |
|---|---|---|---|
| Note No: 6 | **Short Term Borrowings** | | |
| | **Secured:** | | |
| | Loan Repayable on Demand | | |
| | From Bank # | **76,29,940** | 15,49,094 |
| | # Secured by pledge of Investments in Fixed Deposit @ 13% | | |
| | **Total Short Term Borrowings** | **76,29,940** | 15,49,094 |
| Note No: 7 | **Other Current Liabilities** | | |
| | **Unsecured:** | | |
| | (a) Other payables - Statutory Dues | **6,73,081** | 13,94,184 |
| | (b) Other Liabilities | **2,91,912** | 2,38,776 |
| | | **9,64,993** | 16,32,960 |
| Note No: 8 | **Short Term Provisions** | | |
| | Provision for Employee Benefits | **74,29,483** | 60,81,433 |
| | | **74,29,483** | 60,81,433 |

S. BHAT AND CO. Bengaluru Chartered Accountants

Note No: 9

(Amount in ₹ )

| | Fixed Assets | Gross Block - At Cost | | | | Depreciation / Amortization | | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | As at 01.04.2015 | Additions | Disposals / Transfers | As at 31.03.2016 | As at 01.04.2015 | For the year | Transfer from Suplus | On disposals / Transfers | Upto 31.03.2016 | As at 31.03.2016 | As at 31.03.2015 |
| A | **Tangible Assets** | | | | | | | | | | | |
| | Plant & Equipments | **2,28,50,326** | **57,72,413** | - | **2,86,22,739** | **1,67,37,391** | **39,93,744** | - | - | **2,07,31,135** | **78,91,604** | 61,12,935 |
| | | *1,70,24,482* | *58,25,844* | | *2,28,50,326* | *1,30,76,102* | *34,48,314* | *2,12,975* | - | *1,67,37,391* | *61,12,935* | *39,48,380* |
| | Furniture and Fixtures | **50,32,867** | **3,97,849** | - | **54,30,716** | **33,77,718** | **5,56,258** | - | - | **39,33,976** | **14,96,740** | 16,55,149 |
| | | *43,15,629* | *7,17,238* | | *50,32,867* | *19,87,777* | *8,82,375* | *5,07,566* | - | *33,77,718* | *16,55,149* | *23,27,852* |
| | Vehicles | **36,28,774** | - | - | **36,28,774** | **29,47,318** | **2,92,300** | - | - | **32,39,618** | **3,89,156** | 6,81,456 |
| | | *36,28,774* | - | - | *36,28,774* | *24,00,750* | *5,46,568* | - | - | *29,47,318* | *6,81,456* | *12,28,024* |
| | **TOTAL (A)** | **3,15,11,967** | **61,70,262** | - | **3,76,82,229** | **2,30,62,427** | **48,42,302** | - | - | **2,79,04,729** | **97,77,500** | **84,49,540** |
| | *Previous Year* | *2,49,68,885* | *65,43,082* | - | *3,15,11,967* | *1,74,64,629* | *48,77,257* | *7,20,541* | - | *2,30,62,427* | *84,49,540* | *75,04,256* |
| B | **Intangible Assets:** | | | | | | | | | | | |
| | Trade Logo | - | **3,50,000** | - | **3,50,000** | - | **39,841** | | | **39,841** | **3,10,159** | - |
| | | - | - | | - | - | - | - | - | - | - | - |
| | Computer Software | **20,02,379** | **22,50,067** | - | **42,52,446** | **7,41,883** | **16,36,689** | - | - | **23,78,572** | **18,73,874** | 12,60,496 |
| | | *5,27,222* | *14,75,157* | - | *20,02,379* | *5,22,588* | *2,19,295* | - | | *7,41,883* | ***12,60,496*** | *4,634* |
| | **TOTAL (B)** | **20,02,379** | **26,00,067** | - | **46,02,446** | **7,41,883** | **16,76,530** | - | - | **24,18,413** | **21,84,033** | **12,60,496** |
| | *Previous Year* | *5,27,222* | *14,75,157* | - | *20,02,379* | *5,22,588* | *2,19,295* | - | - | *7,41,883* | *12,60,496* | *4,634* |
| | **TOTAL (A + B )** | **3,35,14,346** | **87,70,329** | - | **4,22,84,675** | **2,38,04,310** | **65,18,832** | - | - | **3,03,23,142** | **1,19,61,533** | **97,10,036** |
| | ***Previous Year*** | *2,54,96,107* | *80,18,239* | - | *3,35,14,346* | *1,79,87,217* | *50,96,552* | *7,20,541* | - | *2,38,04,310* | *97,10,036* | *75,08,890* |

*Figures for the previous year are given in italics*

A.N.S. BHAT AND CO. Bengaluru Chartered Accountants

| | As at March 31, 2016 | As at March 31, 2015 |
|---|---|---|
| **Note No: 10 Non Current Investments** | | |
| Ambit Alpha Investment Fund | 1,03,01,604 | - |
| | 1,03,01,604 | - |
| **Note No: 11 Long Term Loans and Advances** | | |
| (a) Security Deposits - Unsecured considered good | 38,78,541 | 36,43,741 |
| (b) Income Tax payments including Tax Deducted at Source (Net of Provision for Tax of Rs.71,71,156/-) | 1,90,62,998 | 2,07,87,653 |
| | 2,29,41,539 | 2,44,31,394 |
| **Note No: 12 Trade Receivables - Unsecured considered Good:** | | |
| (i) Over six months | 33,87,810 | 18,48,385 |
| (ii) Others | 3,99,88,271 | 2,74,34,121 |
| | 4,33,76,081 | 2,92,82,506 |
| **Note No: 13 Cash and Bank Balances** | | |
| (i) **Cash and Cash Equivalents:** | | |
| (a) Balances with Banks | 49,07,496 | 26,67,033 |
| (b) Cash on Hand | 13,62,598 | 2,57,344 |
| (c) Fixed Deposit With SVC Bank | 64,91,061 | - |
| Deposits are given as lien against Short Term Borrowings. | | |
| (ii) Units of Liquid Mutual Funds (Pledged with ING Vysya Bank against which Over Draft Limit has been sanctioned.) | - | 90,00,000 |
| | 1,27,61,155 | 1,19,24,377 |
| **Note No: 14 Short Term Loans and advances** | | |
| **Unsecured considered good:** | | |
| (a) Inter Corporate Deposit: | 1,10,00,000 | 1,55,00,000 |
| (b) Advances Recoverable in Cash or in kind or for value to be received | 9,20,307 | 33,60,238 |
| | 1,19,20,307 | 1,88,60,238 |

| Name of the Company | Nature | Purpose | payment Terms | Amount |
|---|---|---|---|---|
| Nine Globe Industry Pvt. Ltd. | Unsecured | Working Capital | Within 1 month | 1,10,00,000 |

| | | |
|---|---|---|
| **Note No: 15 Other Current Assets** | | |
| Interest Receivable | 3,94,915 | - |
| | 3,94,915 | - |
| | 2015-16 | 2014-15 |
| **Note No: 16 Revenue from Operations** | | |
| Revenue from Operations | 18,53,41,129 | 14,85,54,904 |
| | 18,53,41,129 | 14,85,54,904 |
| **Note No: 17 Other Income** | | |
| (a) Interest Income | 54,60,567 | 26,16,270 |
| (b) Miscellaneous income | 1,10,142 | 8,65,684 |
| (c) Profit from Ambit Alfa Fund | 4,61,238 | |
| | 60,31,947 | 34,81,954 |
| **Note No: 18 Cost of Service Consumed** | | |
| Verification Charges Paid | 4,63,57,163 | 3,47,72,782 |
| Tours & Travel Expenses | 25,97,511 | 26,33,300 |
| Telephone & Internet Charges | 35,50,473 | 28,31,686 |
| Consultant Fees for Verification | - | 16,22,289 |
| | 5,25,05,147 | 4,18,60,057 |
| **Note No: 19 Employees Benefit Expenses:** | | |
| Salaries & Wages | 8,32,32,542 | 7,39,85,433 |
| Contribution to Provident and other funds | 29,83,292 | 19,39,808 |
| Gratuities | 12,95,547 | 10,36,006 |
| Staff Welfare Expenses | 17,20,293 | 13,12,922 |
| | 8,92,31,674 | 7,82,74,169 |

BHAT AND CO. Bengaluru Chartered Accountants

| | | | 2015-16 | 2014-15 |
|---|---|---|---|---|
| Note No: 20 | **Finance Cost:** | | | |
| | Interest on CC Account | | 10,94,752 | 6,00,332 |
| | Other Borrowing Cost | | 3,34,076 | 4,22,427 |
| | | | 14,28,828 | 10,22,758 |
| Note No: 21 | **Other Expenses:** | | | |
| | Electricity Charges | | 21,25,161 | 20,14,749 |
| | Rent | | 78,20,248 | 72,52,721 |
| | **Repairs & Maintenance** | | | |
| | Repairs to: | | | |
| | Plant & Machinery | 10,27,150 | | 14,56,974 |
| | Building | 15,93,124 | | 16,12,552 |
| | Others | 3,35,600 | | 1,28,697 |
| | | | 29,55,874 | 31,98,223 |
| | Insurance | | 1,70,270 | 33,413 |
| | Rates and Taxes, excluding taxes on income | | 80,303 | 1,15,355 |
| | Conveyance | | 28,63,525 | 23,67,819 |
| | Legal and Professional Charges | | 32,09,507 | 8,70,000 |
| | Donation | | 4,01,000 | 15,500 |
| | Directors Sitting Fees | | 1,80,000 | 60,000 |
| | Payment to Auditors: | | 60,000 | 30,000 |
| | Advertisement Expenses | | 87,857 | 5,108 |
| | Miscellaneous Expenses | | 31,88,800 | 39,57,450 |
| | | | 2,31,42,545 | 1,99,20,337 |
| Note No: 22 | **Earnings in Foreign Exchange in respect of:** | | | |
| | F. O. B. Value of Exports | | 66,63,731 | 38,14,585 |
| Note No: 23 | **Expenditure in Foreign Currency by the Company during the year** | | 91,936 | 60,074 |
| Note No: 24 | **Earning Per Share:** | | | |
| | Earning Per Share has been calculated as under: | | | |
| | (a) Profit After Taxation and Exceptional Items | | 1,13,74,894 | 36,72,721 |
| | (b) Number of Equity Shares Outstanding (Face Value Rs. 10/-) | | 5,00,000 | 5,00,000 |
| | (c) Earning per Share (Face Value of Rs.10/- per share) - (a) / (b) (Basic and diluted) | | 22.75 | 7.35 |

Note No: 25 **Disclosures as required by the Accounting Standard -18 on "Related Party Disclosure" are given below:**

i Related Parties and Relationships:

**Where Control Exists: Subsidiaries**

Holding Company - Modern India limited

**Key Management Personnel & Relatives :**

a Mr. V K Jatia - Director

b Mr. Swapan Bhadra - C.E.O.

ii **Related Party Transactions: (Amount in Rs.₹)**

| | | | |
|---|---|---|---|
| a | Directors Sitting Fees - Mr. V K Jatia | 60,000 | 20,000 |
| b | Salary - Mr. Swapan Bhadra | 2,40,00,000 | 2,40,00,000 |
| c | **Dividend Paid :** | | |
| | Modern india limited | 19,00,000 | - |
| | Mr. Swapan Bhadra | 6,00,000 | - |
| d | Indian Hume Pipe Company Limited | 1,700 | - |

Note No: 26 Figures of the previous year have been regrouped and rearranged wherever necessary.

Signatures to Notes 1 to 26

As per our report attached
**For TVS Bhat & Co**
Chartered Accountants
Firm Reg. No. 000474S

T.V.S. BHAT AND CO. Bengaluru Chartered Accountants

**T V Subramanya Bhat**
*Proprietor*
Membership No. : 019006
Address : G Floor, Shree Balaji Enclave,
Jayanagar 2nd Block, Bangalore - 560011
**Place: Bangalore**
**Date:** 21 MAY 2016

For and On behalf of the Board

SD

**CEO** **Chairman** **Director** **Director**

**Place: Mumbai**
**Date:** 21 MAY