

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



## NOTICE

**NOTICE** is hereby given that the 13<sup>th</sup> 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 14.07.2018 , at 10.30 a.m to transact the following business:-

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Financial Statement, the Balance Sheet as at 31<sup>st</sup> March, 2018, 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.

For Verifacts Services Private Ltd

A handwritten signature in black ink, appearing to read "Vijay Kumar Jatia", is written over a horizontal line.

Director

Name: Vijay Kumar Jatia

Address: 1,Mittal Chambers,228,nariman Point,Mumbai-400021

DIN: 00096977

### **NOTES**

**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 Pvt Ltd.  
#47/1, 1st Floor,  
Lachmiaha Business Chambers,  
St. John's Road, Bangalore -  
560042  
CIN: U74140KA2005PTCO35878

Tel: +91 80 6782 2222  
Fax: +91 80 41510771  
Email: [enquiries@verifacts.co.in](mailto:enquiries@verifacts.co.in)  
Web: [www.verifacts.co.in](http://www.verifacts.co.in)



The business of ratification of Auditors, shall not be placed before the shareholders for their approval subsequent to notification of section 40 of the Companies Amendment Act, 2017 which corresponds to section 139 of the principal Companies Act, 2013 on 07<sup>th</sup> May, 2018 by which the Company shall no longer be required to ratify the appointment of auditors at every annual general meeting.

✓



## VERIFACTS SERVICES PRIVATE LIMITED

### BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 13<sup>TH</sup> Annual Report along with Audited statement of Accounts for the Financial Year ended 31<sup>st</sup> March, 2018.

#### FINANCIAL RESULTS

(₹ in lakhs)

	Financial year 2017-18	Financial year 2016-17
Revenue from operations	1,845.32	2,144.11
Other Income	44.43	42.44
Total Income	1,889.75	2,186.55
Depreciation	56.28	73.07
Financial Expenses	13.34	6.79
Profit before exceptional and extraordinary item and tax	114.69	103.97
Provision for taxes	32.6	23.93
Profit/(Loss) after tax	82.09	80.03
Other comprehensive Income	2.11	(3.5)
Total comprehensive Income	84.19	76.54

#### 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.

#### PERFORMANCES AND REVIEW OF BUSINESS OPERATIONS

The Company has undertaken steps to enhance its performance and growth by expanding its business activity. Various initiatives have been taken and agreements have been signed with various corporate and schools. The Company is also in dialogue with other major Clients. Efforts are being made to increase the productivity and reduce the dependency on Vendors. There has been 50% reductions in the vendor cost.

A conscious effort has been made to approach all the inactive clients. Further steps have been taken to bring more efficiency in the system. Significant positive outcome from these initiatives and efforts would be reflected in the coming years.

There is a growing feeling within the management to bring about a complete digital transformation into the current operating platform which would help to obtain a competitive edge in the market and also help them to increase efficiency and attain higher margins.

During the year under review, the Company has achieved a turnover of ₹ 1,845.32 lakhs as compared to ₹ 2,144.11 lakhs during the corresponding previous year. The profit after tax is ₹ 82.09 lakhs as compared to ₹ 80.03 lakhs in the corresponding previous year. Though volumes have decreased, the profit after tax has increased marginally. The drop in volume is mainly due to non materialization of growth in demand due to uncertainties in the IT industry and reduction in recruitment due to change in visa policy by the US and

Australia. During the year 2017-18 a noticeable downfall has been witnessed in recruitment by the IT industry, but your company had anticipated this and has therefore started tapping into other sectors to offset the loss of business from the IT sector.

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:

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

Shri Swapan Bhadra - CEO

#### **COMMITTEES OF THE BOARD**

No separate committee has been formed; all major decisions are taken at the Board level which are 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 31<sup>st</sup> March, 2018 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 31<sup>st</sup> March 2018.

#### **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 12<sup>th</sup> Annual General Meeting of the Company for the period of 5 years i.e. till the conclusion of the 17<sup>th</sup> Annual General Meeting of the Company. It was proposed to ratify their appointment at the ensuing 13<sup>th</sup> Annual General Meeting to hold office from the conclusion of this Annual General Meeting to the conclusion of the next 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 07<sup>th</sup> 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**

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:** 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) : ₹ 144.13 lakhs

UNSECURED LOANS: NIL

CURRENT/NON CURRENT INVESTMENTS: ₹288.74 lakhs

GUARANTEES: NONE

SECURITIES EXTENDED: ₹ 126.59 lakhs

**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 2- AOC 2

**DISCLOSURE ABOUT COST AUDIT**

Cost Audit is not Applicable to the Company

**RATIOS OF REMUNERATION TO EACH DIRECTOR: NOT APPLICABLE**

**Reply to Statutory Auditors Qualification**

There are no qualifications in the Statutory Auditors Report.



The Company has no associate or joint ventures and does not have any subsidiaries therefore; 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 ₹28.82 lakhs availed against Investments in FD from Shamrao Vithal Co-Operative Bank Limited and ₹115.31 lakhs availed against Current Asset and book Debts and Fixed Deposit from RBL Bank Limited.

**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: 22.05.2018

**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 31<sup>ST</sup> MARCH, 2018**

**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 : ₹ 65,59,950 /-
- (ii) Outgoing : ₹ 1,83,907/-

h

**EXTRACT OF ANNUAL RETURN  
AS ON THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2018**

[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: 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 1,Mittal chambers,228,Nariman Point,Mumbai-400021.	L17120MH1933PLC00 2031	HOLDING	76%	Under Section 2(46) of the Companies Act, 2013.

h

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

**(i) Category-wise Share Holding**

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

**(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	-	380000	76.00	-	-
2	SHRI SWAPAN BHADRA	120000	24.00	-	120000	24.00	-	-
	<b>Total</b>	<b>500000</b>	<b>100.00</b>		<b>500000</b>	<b>100.00</b>		

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

NO CHANGES IN PROMOTERS SHAREHOLDING DURING THE PERIOD UNDER REVIEW.

h

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:**

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 (₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	35.03	NONE	NONE	35.03
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	35.03	-	-	35.03
<b>Change in Indebtedness during the financial year</b>				
• Addition	109.10	7.5	-	109.10
• Reduction	-	7.5	-	-
<b>Net Change</b>	109.10	NIL	-	109.10
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	144.13	-	-	144.13
ii) Interest due but not paid	NIL	NONE	NONE	-
iii) Interest accrued	NIL	NIL	NIL	-
<b>Total (i+ii+iii)</b>	144.13	NIL	NIL	144.13

h

(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"><li>• Fee for attending board committee meetings</li><li>• Commission</li><li>• Others, please specify</li></ul>	1,10,000/-	1,10,000/-	1,10,000/-	1,10,000/-
	Total Managerial Remuneration (Sitting Fees)	1,10,000/-	1,10,000/-	1,10,000/-	1,10,000/-
	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

h

SI. NO.	PARTICULARS OF REMUNERATION	KEY MANAGERIAL PERSONNEL			
		CEO ₹ in lakhs	Company Secretary	CFO	Total
1.	Gross salary	84,00,000	NA	NA	84,00,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(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	NIL	NIL	NIL	
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	
	<b>Total</b>	<b>84,00,000</b>			<b>84,00,000</b>

**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: 22.05.2018

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

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	₹ 6,50,000/- pm

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

  
Vijay Kumar Jatia  
Director

## **Independent Auditor's Report**

**To the Members of Verifacts Services Private Limited,**

### **Report on the Ind AS Financial Statements**

We have audited the accompanying financial statements of **Verifacts Services Private Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow for the year then ended and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income and cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules made thereunder.

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 Ind AS 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 Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS 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 Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 financial position of the company as at March 31, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Other Matter**

The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which erstwhile auditor issued auditor's reports to the shareholders of the Company dated 15<sup>th</sup> May 2017 and 21<sup>st</sup> May 2016, respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not qualified in respect of this matter

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Government of India – Ministry of Corporate Affairs, in terms of sub-section (11) of section 143 of the Act, we enclose in the 'Annexure – A', a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. 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 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 books of account.
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the director is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) As per Notification dated 13th June, 2017 issued by Ministry Of Corporate Affairs for amending the earlier notification no. GSR 464(E) dated the 5th June, 2015 the requirement of reporting on the internal financial controls over financial reporting is not applicable to the Company; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has confirmed that there is no pending litigation against the Company bearing any financial implication;
  - ii. The Company does not have any long-term contracts having material foreseeable losses. The company does not have any derivative contracts;
  - iii. There were no amounts during the year which were required to be transferred. to the Investor Education and Protection Fund by the Company;

**Place: Bengaluru**  
**Date: 22<sup>nd</sup> May, 2018**

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



**Sanjay Dave**  
**Partner**  
**Membership No: 25289**



## Annexure-A to the Independent Auditors' Report

The Annexure A referred to in the Independent Auditors' Report to the members of Verifacts Services Private Limited on the financial statements for the year ended 31 March 2018, we report the following:

- (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 it's 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 2018, 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 Registration No. 100186W



**Sanjay Dave**  
**Partner**  
Membership No: 25289

**Place: Bengaluru**  
**Date: 22<sup>nd</sup> May, 2018**



**VERIFACTS SERVICES PRIVATE LIMITED**

Balance Sheet as at 31st March, 2018

(₹ in Lakhs)

PARTICULARS	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>I. ASSETS</b>				
<b>(1) NON-CURRENT ASSETS</b>				
(a) Property, plant and equipments	2	71.87	99.32	97.78
(b) Other Intangible assets	2	23.81	14.08	21.84
(c) Financial assets				
(i) Investments	3	288.74	150.00	103.02
(ii) Other financial assets	4	34.29	44.30	35.89
(d) Deferred tax assets (Net)	5	19.06	14.27	-
(e) Current Tax Assets (Net)	6	253.11	224.39	209.18
		<b>690.87</b>	<b>546.36</b>	<b>467.71</b>
<b>(2) Current Assets</b>				
(a) Financial assets				
(i) Trade receivables	7	364.15	356.78	433.81
(ii) Cash and cash equivalents	8 (a)	10.12	19.66	62.70
(iii) Bank balances other than (ii) above	8 (b)	126.59	100.55	60.00
(iv) Other financial assets	9	105.49	100.75	119.41
(b) Other current assets	10	67.22	38.42	11.33
		<b>673.57</b>	<b>616.16</b>	<b>687.25</b>
<b>TOTAL</b>		<b>1,364.44</b>	<b>1,162.52</b>	<b>1,154.96</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>(1) EQUITY</b>				
(a) Equity Share Capital	11	50.00	50.00	50.00
(b) Other Equity	12	932.56	878.45	801.92
		<b>982.56</b>	<b>928.45</b>	<b>851.92</b>
<b>(2) NON-CURRENT LIABILITIES</b>				
(a) Provisions	13 (a)	34.08	26.29	15.61
		<b>34.08</b>	<b>26.29</b>	<b>15.61</b>
<b>(3) CURRENT LIABILITIES</b>				
(a) Financial liabilities				
(i) Borrowings	14	144.13	35.03	76.30
(i) Trade payables		79.20	87.12	108.59
(ii) Other financial liabilities	15	64.10	65.23	77.21
(b) Other current liabilities	16	58.69	19.32	25.33
(c) Provisions	13 (b)	1.70	1.08	-
		<b>347.80</b>	<b>207.78</b>	<b>287.43</b>
Significant Accounting Policies & Notes on Accounts	1 to 32			
<b>TOTAL</b>		<b>1,364.44</b>	<b>1,162.52</b>	<b>1,154.96</b>

As per our report attached

**K.S. Aiyar & Co.**

Chartered Accountants

ICAI Firm's Registration number-100186W

For and on behalf of the Board


**Sanjay Dave**

Partner

Membership Number: 25289

Place: Bangalore

Date: May 22, 2018



V.K.T. Chairman

DIN: 00096977

S.D. Director

DIN: 00125532

Date: May 22, 2018


 CEO

A.R.B. Director

DIN: 00049517



**VERIFACTS SERVICES PRIVATE LIMITED**
**Statement of Profit and Loss for the Year ended 31st March, 2018**

(₹ in Lakhs)

	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I. Revenue from Operations	17	1,845.32	2,144.11
II. Other Income	18	44.43	42.44
III. Total ( I + II )		<b>1,889.75</b>	<b>2,186.55</b>
IV. Expenses:			
(a) Employee benefits expenses	19	894.85	1,048.65
(b) Finance Cost	20	13.34	6.79
(c) Depreciation and Amortization expenses	2	56.28	73.07
(d) Other expenses	21	810.59	954.07
Total		<b>1,775.06</b>	<b>2,082.58</b>
V. Profit before exceptional and extraordinary items and tax		<b>114.69</b>	<b>103.97</b>
VI. Exceptional item - Net			-
VII. Profit before Tax		<b>114.69</b>	<b>103.97</b>
VIII. Tax expense:	22		
(1) Current Tax		38.20	36.47
(2) Deferred Tax		(5.60)	(12.54)
IX. Profit for the period after Tax		<b>82.09</b>	<b>80.03</b>
X. <b>Other comprehensive income</b>			
Items that will not be recycled to profit or loss			
(i) Remeasurements of the defined benefit liabilities /		2.92	(5.23)
(ii) Income tax on items that may be reclassified to profit or loss		(0.81)	1.73
XI. <b>Total comprehensive income for the period</b>		<b>84.19</b>	<b>76.54</b>
XII. Earnings per Equity Share	23		
(1) Basic		16.42	16.01
(2) Diluted		16.42	16.01
Significant Accounting Policies & Notes on Accounts	1 to 32		

As per our report attached

**K.S. Aiyar & Co.**

Chartered Accountants

ICAI Firm's Registration number-100186W

For and on behalf of the Board

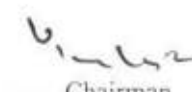

**Sanjay Dave**

Partner

Membership Number:25289

Place: Bangalore

Date : May 22, 2018



 Chairman  
 DIN:00096977


 Director  
 DIN:00125532

Date : May 22, 2018


 CEO


 Director  
 DIN:00049517



**VERIFACTS SERVICES PRIVATE LIMITED**  
Statement of Cash Flow as on March 31, 2018

(` in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Cash flows from operating activities</b>		
Profit before tax for the year	114.69	103.97
Adjustments for:		
Depreciation and amortisation Expenses	56.28	73.07
Finance costs recognised in profit or loss	13.34	6.79
Loss on sale of Fixed assets	0.32	-
Net gain on sale / fair valuation of investments through profit and loss	(3.33)	(5.75)
Interest Income	(38.25)	(30.51)
Dividend Income	(0.38)	(0.05)
Remeasurements of net defined benefit plans	2.92	(5.23)
Unrealised Foreign Exchange	(646.00)	-
	<b>(500.42)</b>	<b>142.30</b>
Movements in working capital:		
(Increase)/decrease in trade receivables	638.63	77.03
(Increase)/decrease in Other receivable	5.31	(8.61)
(Increase)/decrease in Other Assets	(28.79)	(27.09)
Increase/(decrease) in trade and other payables	(7.92)	(21.47)
Increase/(decrease) in provisions	8.41	11.77
(Decrease)/increase in other liabilities	16.52	(17.98)
<b>Cash generated from operations</b>	<b>131.75</b>	<b>155.94</b>
Income taxes paid	(66.92)	(51.68)
<b>Net cash generated by operating activities</b>	<b>64.82</b>	<b>104.25</b>
<b>Cash flows from investing activities</b>		
Sale proceeds of property, plant and equipment	0.15	0.02
Payments for property, plant and equipment	(15.72)	(60.66)
Payments for Intangible assets	(23.30)	(6.22)
Interest received	38.20	24.37
Purchase of non current investments	(135.41)	(41.23)
Inter corporate Deposit given	-	25.00
Fixed deposit with Banks	(26.04)	(40.55)
Dividend Received	0.38	0.05
<b>Net cash (used in)/generated by investing activities</b>	<b>(161.73)</b>	<b>(99.23)</b>
<b>Cash flows from financing activities</b>		
Dividend Paid	(30.09)	-
Interest paid	(13.34)	(6.79)
<b>Net cash used in financing activities</b>	<b>(43.43)</b>	<b>(6.79)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(140.34)</b>	<b>(1.77)</b>
Cash and cash equivalents at the beginning of the year	(15.37)	(13.60)
<b>Cash and cash equivalents at the end of the year</b>	<b>(155.71)</b>	<b>(15.37)</b>
Cash and cash equivalents	10.12	19.66
Bank Overdrafts (Refer Note 22)	(165.83)	(35.03)
	<b>(155.71)</b>	<b>(15.37)</b>

As per our report attached

**K.S. Aiyar & Co.**

Chartered Accountants

ICAI Firm's Registration number-100186W

For and on behalf of the Board

Sanjay Dave

Partner

Membership Number:25289

Place: Bangalore

Date:

Date: May 22, 2018



Chairman  
DIN:00096977

Director  
DIN:0015532

Date: May 22, 2018



CEO

Director

DIN:00049517

VERIFACTS SERVICES PRIVATE LIMITED

Statement of changes in Equity for the year ended March 31, 2018

a. Equity share capital

(₹ in Lakhs)

	Number	Amount
Issued and Paid up Capital at April 1, 2016	5,00,000	50.00
Changes in equity share capital during the year	-	-
<b>Balance at March 31, 2017</b>	<b>5,00,000</b>	<b>50.00</b>
Changes in equity share capital during the year	-	-
<b>Balance at March 31, 2018</b>	<b>5,00,000</b>	<b>50.00</b>

b. Other Equity

	General reserve	Retained earnings	TOTAL
<b>Balance as at 1st April 2016 (A)</b>	11.37	790.54	801.92
<b>Additions during the year</b>			-
Profit for the year	-	80.03	80.03
Other Comprehensive income for the year	-	(3.50)	(3.50)
<b>Total Comprehensive income for the year (B)</b>	-	<b>76.54</b>	<b>76.54</b>
<b>Reduction during the year</b>			
Dividend	-	-	-
Income Tax on dividend	-	-	-
Transfer to general reserve	-	-	-
Total (C)	-	-	-
<b>Balance as at 31st March 2017 (D) = (A+B+C)</b>	<b>11.37</b>	<b>867.08</b>	<b>878.45</b>
<b>Balance as at 1st April 2017 (A)</b>	<b>11.37</b>	<b>867.08</b>	<b>878.45</b>
<b>Additions during the year</b>			
Profit for the year	-	82.09	82.09
Other Comprehensive income for the year	-	2.10	2.10
<b>Total Comprehensive income for the year (B)</b>	-	<b>84.19</b>	<b>84.19</b>
<b>Reduction during the year</b>			
Dividend	-	25.00	25.00
Income Tax on dividend	-	5.09	5.09
Total (C)	-	30.09	30.09
<b>Balance as at 31st March 2018 (D) = (A+B+C)</b>	<b>11.37</b>	<b>921.18</b>	<b>932.56</b>

As per our report attached

**K.S. Aiyar & Co.**

Chartered Accountants

ICAI Firm's Registration number-100186W

For and on behalf of the Board

  
**Sanjay Dave**  
 Partner  
 Membership Number:25289



Place: Bangalore  
 Date : May 22, 2018

  
 Chairman  
 DIN:00096977  
  
 Director  
 DIN:00125532  
 SP Date : May 22, 2018

  
 CEO  
  
 Director  
 DIN:00049517



## **VERIFACTS SERVICES PRIVATE LIMITED**

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

#### **I. Background**

Verifacts Services Private Limited (the company) was incorporated on 22<sup>nd</sup> 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, 2018 were approved for issue in accordance with a resolution of the Board of Directors on 22nd May, 2018.

#### **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.

These financial statements for the year ended 31st March, 2018 are the first financials with comparatives, prepared under Ind AS. For all previous periods including the year ended 31st March, 2017, the Company had prepared its financial statements in accordance with the accounting standards notified under companies (Accounting Standard) Rule, 2006 (as amended) and other relevant provisions of the Act (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India.

The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2016 being the date of transition to Ind AS.

##### **B Historical cost convention**

The financial statements have been prepared on a historical cost 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;

##### **C Current 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 lakh as per the requirement of Schedule III, unless otherwise stated.

##### **E Use of estimates and judgements**

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

##### **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.

###### **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.



**G 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 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.

**H 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.

**I 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.

**J Revenue Recognition:**

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

**K Employee Benefit:**

**Post-employment obligations**

The Company operates the following post-employment schemes:

**Gratuity obligations**

The liability or asset recognised in the balance sheet in respect of defined benefit pension and 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.

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

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

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.

**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.

**L 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.



## M 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. On transition to Ind AS, the Company has opted to continue with the carrying values measured under the previous GAAP as at 1 April 2016 of its investments in subsidiaries, associates and joint ventures and used that carrying value as the deemed cost of these investments on the date of transition i.e. 1 April 2016.

##### 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.

h  
M



**N 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.

**O Segment Reporting**

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

**P 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.

**Q 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.

**R 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.

**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.

**S 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.

✓



Handwritten signature or initials.

**T 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.

**U 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.

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.

**V 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.

Handwritten initials or marks.



VERIFACTS SERVICES PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2018

Note No: 2 PROPERTY, PLANT AND EQUIPMENTS

(₹ in Lakhs)

Description of Assets	Tangible Asset				Intangible Asset		
	Plant and Equipment	Furniture and Fixtures	Vehicles - Freehold	Total	Trade Logo	Computer Software	Total
<b>Gross Carrying amount</b>							
Deemed cost as at 1 April, 2016	78.92	14.97	3.89	97.78	3.10	18.74	21.84
Additions	47.13	13.53	-	60.66	-	6.22	6.22
Disposals	0.02	-	-	0.02	-	-	-
<b>Balance as at 31 March, 2017</b>	<b>126.03</b>	<b>28.49</b>	<b>3.89</b>	<b>158.42</b>	<b>3.10</b>	<b>24.96</b>	<b>28.06</b>
Additions	15.29	0.42	-	15.72	-	23.30	23.30
Disposals	0.29	0.70	-	0.99	-	-	-
<b>Balance as at 31 March, 2018</b>	<b>141.03</b>	<b>28.22</b>	<b>3.89</b>	<b>173.14</b>	<b>3.10</b>	<b>48.26</b>	<b>51.36</b>
<b>Accumulated depreciation</b>							
Balance as at 1 April, 2016	-	-	-	-	-	-	-
Depreciation / amortisation expense for the year	52.17	5.85	1.08	59.10	1.17	12.81	13.97
Depreciation on Disposal	-	-	-	-	-	-	-
<b>Balance as at 31 March, 2017</b>	<b>52.17</b>	<b>5.85</b>	<b>1.08</b>	<b>59.10</b>	<b>1.17</b>	<b>12.81</b>	<b>13.97</b>
Depreciation / amortisation expense for the year	35.70	6.48	0.52	42.70	1.17	12.42	13.58
Depreciation on Disposal	0.21	0.32	-	0.53	-	-	-
<b>Balance as at 31 March, 2018</b>	<b>87.66</b>	<b>12.01</b>	<b>1.60</b>	<b>101.27</b>	<b>2.33</b>	<b>25.22</b>	<b>27.55</b>
<b>Net Carrying amount</b>							
Balance as on 1st April 2016	78.92	14.97	3.89	97.78	3.10	18.74	21.84
Balance as on 31st March 2017	73.86	22.64	2.82	99.32	1.93	12.15	14.08
Balance as on 31st March 2018	53.37	16.21	2.29	71.87	0.77	23.04	23.81



**VERIFACTS SERVICES PRIVATE LIMITED**

Notes to the financial statements for the year ended March 31, 2018

(₹ in Lakhs)

 Note No: 3 **Non Current Investments**

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	<b>Designated as Fair Value Through Profit and Loss</b>			
	<b>Quoted Investment</b>			
	<b>Investment in Other Funds</b>			
	India Grid-InvIT 51,030 Units ( Previous Year Nil)	48.38	-	-
	IRB INVIT FD PERP 40,000 Units ( Previous Year Nil)	32.82	-	-
	<b>Unquoted Investment</b>			
	<b>Investment in Mutual Funds</b>			
	DSP Blackrock Mutual Fund 1,50,000 Units ( Previous Year 1,50,000 Units)	159.02	150.00	-
	L&T Midcap Fund-Growth 17,279.513 Units ( Previous Year Nil)	24.36	-	-
	Tata Equity PE Fund Regular Plan-Growth 17,996.189 Units ( Previous Year Nil)	24.17	-	-
	<b>Investment in Other Funds</b>			
	Ambit Alpha Investment Fund 10000 Units ( Previous Year 10000 Units)	-	-	103.02
		<b>288.74</b>	<b>150.00</b>	<b>103.02</b>

Aggregate amount of quoted investments and market values there off Rs. 2,88,73,924

 Note No: 4 **Other financial assets**

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a)	Security Deposits - Unsecured considered good	34.29	44.30	35.89
		<b>34.29</b>	<b>44.30</b>	<b>35.89</b>

 Note No: 5 **Deferred Tax Assets (Net)**

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	<b>Deferred Tax Assets</b>			
i	Difference between Net Block of Fixed Assets	8.36	4.96	-
ii	Gratuity Provision	9.95	9.30	-
iii	Others	0.74	-	-
	<b>Deffered Tax (Assets)</b>	<b>19.06</b>	<b>14.27</b>	<b>-</b>

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

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Income Tax payments including Tax Deducted at Source (Net of Provision for Tax of ₹ 36,47,354/-)	253.11	224.39	209.18
		<b>253.11</b>	<b>224.39</b>	<b>209.18</b>

 Note No: 7 **Trade Receivables**

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Unsecured considered Good	364.15	356.78	433.81
	Less: Allowance for Doubtful Trade Receivable	-	-	-
		<b>364.15</b>	<b>356.78</b>	<b>433.81</b>

 Note No: 8 (a) **Cash and Cash Equivalents:**

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a)	Balances with Banks	8.74	16.38	49.07
(b)	Cash on Hand	1.38	3.27	13.63
		<b>10.12</b>	<b>19.66</b>	<b>62.70</b>

 Note No: 8 (b) **Other balances with banks**

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a)	Fixed Deposit With SVC Bank Deposits are given as lien against Short Term Borrowings.	40.00	100.00	60.00
(b)	Fixed Deposit With BOI Against Bank Guarantee Issued for Verification	0.59	0.55	-
(c)	Fixed Deposit With SBI Bank	86.00	-	-
		<b>126.59</b>	<b>100.55</b>	<b>60.00</b>



**VERIFACTS SERVICES PRIVATE LIMITED**

Notes to the financial statements for the year ended March 31, 2018

**Note No: 11 Equity**

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
	Number	(₹ in Lakhs)	Number	(₹ in Lakhs)	Number	(₹ in Lakhs)
<b>(a) Share Capital</b>						
<u>Authorized:</u>						
1000000 Equity Shares of ₹ 10 each	10,00,000	100.00	10,00,000	100.00	10,00,000	100.00
		100.00		100.00		100.00
<u>Issued:</u>						
500000 Equity Shares of ₹ 10 each	5,00,000	50.00	5,00,000	50.00	5,00,000	50.00
		50.00		50.00		50.00
<u>Subscribed &amp; Fully Paid up:</u>						
500000 Equity Shares of ₹ 10 each	5,00,000	50.00	5,00,000	50.00	5,00,000	50.00
		50.00		50.00		50.00
<b>Total</b>		50.00		50.00		50.00

**(a) Reconciliation of the number of shares outstanding**

Particulars	Equity Shares					
	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number	(₹ in Lakhs)	Number	(₹ in Lakhs)	Number	(₹ in Lakhs)
Shares outstanding at the beginning of the year	5,00,000	50.00	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	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 Rs 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 March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
	Modern India Limited	3,80,000	76.00%	3,80,000	76.00%	3,80,000
Swapan Bhadra	1,20,000	24.00%	1,20,000	24.00%	1,20,000	24.00%

**Note No: 12 Other Equity**

(₹ in Lakhs)

Particulars	General reserve	Retained earnings	Total
<b>Balance as at 1st April 2016 (A)</b>	11.37	790.54	801.92
<b>Additions during the year</b>			
Profit for the year	-	80.03	80.03
Other Comprehensive income for the year	-	(3.50)	(3.50)
<b>Total Comprehensive income for the year (B)</b>	-	76.54	76.54
<b>Reduction during the year</b>			
Dividend	-	-	-
Income Tax on dividend	-	-	-
<b>Total (C)</b>	-	-	-
<b>Balance as at 31st March 2017 (D) = (A+B+C)</b>	11.37	867.08	878.45
<b>Balance as at 1st April 2017 (A)</b>	11.37	867.08	878.45
<b>Additions during the year</b>			
Profit for the year	-	82.09	82.09
Other Comprehensive income for the year	-	2.10	2.10
<b>Total Comprehensive income for the year (B)</b>	-	84.19	84.19
<b>Reduction during the year</b>			
Dividend	-	25.00	25.00
Income Tax on dividend	-	5.09	5.09
<b>Total (C)</b>	-	30.09	30.09
<b>Balance as at 31st March 2018 (D) = (A+B+C)</b>	11.37	921.18	932.56

**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 represent surplus i.e. balance of the relevant column in the Statement of Changes in Equity

*h k*



*an*



Note No: 9 **Other financial current assets** (₹ in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a)	Inter Corporate Deposit (*)	85.00	85.00	110.00
(b)	Interest Receivable	15.04	14.99	8.86
(c)	Balances with government authorities	4.24	-	-
(d)	Other Receivable	1.21	0.75	0.55
		<b>105.49</b>	<b>100.75</b>	<b>119.41</b>

(*)	Name of the Company	Nature	Purpose	payment Terms	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Nine Globe Industry Pvt. Ltd.	Unsecured	Working Capital	16%	85.00	85.00	110.00

Note No: 10 **Other Current Assets**

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a)	Unbilled revenue receivable	42.81	-	-
(b)	Deffered Lease	5.37	4.59	2.68
(c)	Advances to supplier	2.32	2.24	3.15
(d)	Prepaid expenses	16.72	31.60	5.51
		<b>67.22</b>	<b>38.42</b>	<b>11.33</b>

Note No: 13 (a) **Non current Provisions**

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	<b>Provision for Employee Benefits</b>			
	Gratuity (Unfunded)	34.08	26.29	15.61
		<b>34.08</b>	<b>26.29</b>	<b>15.61</b>

Note No: 13 (b) **Current Provisions**

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	<b>Provision for Employee Benefits</b>			
	Gratuity	1.70	1.08	-
		<b>1.70</b>	<b>1.08</b>	<b>-</b>

Note No: 14 **Short Term Borrowings**

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	<b>Secured:</b>			
	<b>Loan Repayable on Demand From Bank</b>			
(a)	The Shamrao Vithal Co-Operative Bank Limited (Secured by pledge of Fixed Deposit with The Shamrao Vithal Co-Operative Bank Limited. The rate of interest is 10.35% Per Annum)	28.82	35.03	76.30
(b)	RBL Bank Limited (Secured by Charge on Book Debts and pledge of Fixed Deposit with RBL Bank Limited. The rate of interest is 10.35% Per Annum)	115.31	-	-
	<b>Total Short Term Borrowings</b>	<b>144.13</b>	<b>35.03</b>	<b>76.30</b>

Note No: 15 **Other financial liabilities**

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Other Payables	64.10	65.23	77.21
		<b>64.10</b>	<b>65.23</b>	<b>77.21</b>

Note No: 16 **Other Current Liabilities**

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a)	Advances Received	0.61	1.15	0.05
(b)	Other payables - Statutory Dues	36.38	18.18	25.28
(c)	Overdrawn Bank Balances	21.70	-	-
		<b>58.69</b>	<b>19.32</b>	<b>25.33</b>



Handwritten signature or initials.

**VERIFACTS SERVICES PRIVATE LIMITED**

Notes to the financial statements for the year ended March 31, 2018

(₹ in Lakhs)

## Note No: 17 Revenue from Operations

Particulars	year ended March 31, 2018	year ended March 31, 2017
Revenue from Operations	1,845.32	2,144.11
	<b>1,845.32</b>	<b>2,144.11</b>

## Note No: 18 Other Income

Particulars	year ended March 31, 2018	year ended March 31, 2017
(a) Interest on deposits and income tax refund	29.85	29.20
(b) Interest received on Mutual fund	4.47	-
(c) Profit on sale of investment- mutual fund	0.67	5.75
(d) Dividend income	0.38	0.05
(e) Miscellaneous income	2.47	6.14
(f) Gain arising on fair valuation of investments	2.66	-
(g) Interest income on Financial Assets at Amortised Cost	3.93	1.31
	<b>44.43</b>	<b>42.44</b>

## Note No: 19 Employees Benefit Expenses:

Particulars	year ended March 31, 2018	year ended March 31, 2017
Salaries Wages & Bonus	799.62	971.91
Contribution to Provident and other funds	61.65	39.70
Gratuities	17.77	11.59
Staff Welfare Expenses	15.81	25.44
	<b>894.85</b>	<b>1,048.65</b>

## Note No: 20 Finance Cost:

Particulars	year ended March 31, 2018	year ended March 31, 2017
Interest on Bank Loans	13.34	6.79
	<b>13.34</b>	<b>6.79</b>



**VERIFACTS SERVICES PRIVATE LIMITED**
**Notes to the financial statements for the year ended March 31, 2018**

(₹ in Lakhs)

 Note No: 21 **Other Expenses:**

Particulars	year ended March 31, 2018	year ended March 31, 2017
Verification Charges Paid	403.68	550.03
Travelling & Conveyance	58.39	70.14
Telephone & Internet Charges	37.21	40.37
Electricity Charges	28.82	28.04
Rent	101.69	100.48
<b>Repairs &amp; Maintenance</b>	-	-
Plant & Machinery	9.39	10.75
Building	2.69	5.85
Others	1.23	2.77
Insurance	0.96	0.81
Rates and Taxes, excluding taxes on income	1.83	1.87
Legal and Professional Charges	52.04	36.13
Business Support Services	53.00	36.00
(Paid to Holding Company)	-	-
Donation	-	0.31
Directors Sitting Fees	3.30	3.00
(Includes ₹1,00,000/- paid to Related Party)	-	-
<b>Payment to Auditors:</b>	-	-
For Statutory Audit	2.00	0.53
For Tax Audit	0.25	0.08
For Certification	2.20	-
Advertisement Expenses	4.40	13.26
Loss on sale of fixed assets	0.32	-
Loss on foreign exchange (net)	2.16	5.78
Bank charges	2.72	3.77
Membership Fees & Subscription fees	12.62	6.65
Office Expenses	14.90	15.46
Printing & Stationery	4.01	6.75
Miscellaneous Expenses	10.77	15.25
	<b>810.59</b>	<b>954.07</b>

 Note No: 23 **Earning Per Share:**

Particulars	year ended March 31, 2018	year ended March 31, 2017
Earning Per Share has been calculated as under:		
(a) Profit After Taxation and Exceptional Items	82.09	80.03
(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)	16.42	16.01

 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. 22 :- Current Tax and Deferred Tax

(a) Income Tax recognised in profit and loss

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
<b>Current Tax:</b>		
Current tax on taxable income of the year	38.20	36.47
<b>Deferred Tax</b>		
Deferred tax Charge / (credit)	(5.60)	(12.54)
<b>Total Tax Expense recognised in profit and loss account</b>	<b>32.60</b>	<b>23.93</b>

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

Particulars	As at March 31, 2018	As at March 31, 2017
Profit Before tax from Continuing Operations	114.69	103.97
Enacted income tax rate in india applicable to the company -	27.55%	33.06%
Income Tax using the Company's domestic Tax rate*	31.60	34.37
<b>Tax Effect of :</b>		
Dividend Income	(0.10)	-
Effect of change in Employee benefits		(3.89)
Effect of change in rate of income tax	1.08	0
Effect of change in Depreciation		(4.96)
Others	0.03	(1.85)
<b>Continuing Operations (Effective Tax Rate)</b>	<b>33</b>	<b>24</b>

(c) Movement of Deferred Tax

Particulars	Opening Balance as on 1st April 16	Recognised in profit and Loss in 16-17	Recognised in OCI in 16-17	Closing Balance as on 31st March 17	Recognised in profit and Loss in 17-18	Recognised in OCI in 17-18	Closing Balance as on 31st March 2018
<b>Tax effect of items constituting deferred tax assets</b>							
Employee Benefits	-	7.38	(1.73)	9.30	1.46	(0.81)	9.95
Depreciation	-	4.96		4.96	3.40		8.36
Others	-				0.74		0.74
Minimum Alternate Tax Credit	-						
	-	12.54	(1.73)	14.27	5.60	(0.81)	19.06
<b>Net Tax Asset (Liabilities)</b>	<b>-</b>	<b>12.54</b>	<b>(1.73)</b>	<b>14.27</b>	<b>5.60</b>	<b>(0.81)</b>	<b>19.06</b>



**VERIFACTS SERVICES PRIVATE LIMITED**

Notes to the financial statements for the year ended March 31, 2018

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 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: 26 **Related Party Transactions**i **Related Parties and Relationships:****Holding Company :**

Modern India limited

**Key Management Personnel & Relatives :**

(a) Mr. V K Jatia - Director

(c) Mr. A.R. Birla

**Other Significant influences:**

Indian Hume Pipe Company Limited

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

(d) S.D. Israni

(₹ in Lakhs)

ii	Related Party Transactions:	2017-18	2016-17
a	Directors Sitting Fees - Mr. V K Jatia	1.10	1.00
b	Salary - Mr. Swapan Bhadra	84.00	214.00
c	<b>Business Support Services paid</b>	-	-
	Modern india limited	53.00	41.40
d	<b>Dividend Paid :</b>	-	-
	Modern india limited	19.00	-
	Mr. Swapan Bhadra	6.00	-
e	<b>Short Term Advance received and repaid</b>	-	-
	Modern india limited	75.00	-
f	<b>Interest Paid Advance</b>	-	-
	Modern india limited	0.07	-
iii	<b>Outstanding Balances:</b>		
a	<b>Other current liabilities- Employee benefits payable</b>		
	Mr. Swapan Bhadra	0.93	4.75
b	<b>Share capital</b>		
	Modern India Ltd.	38.00	38.00



VERIFACTS SERVICES PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2018

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, 2018, 31st March, 2017 and 1st April, 2016 and recognised in the financial statements in respect of Employee Benefit Schemes.

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
<b>I. Change in the defined benefit obligation</b>		
1. Present value of defined benefit obligation at the beginning of the year	0.00	15.61
Current Service Cost	10.83	10.09
Past Service Cost	5.02	-
Interest Cost	1.92	1.01
Remeasurement gains / (losses)	(2.92)	5.71
Benefit payments	(6.44)	(5.05)
Others (Specify)		
<b>Present value of defined benefit obligation at the end of the year</b>	<b>8.41</b>	<b>27.37</b>
<b>II. Expense recognised in the Statement of Profit and Loss</b>		
1. Current service cost	10.83	10.09
2. Past Service Credit	5.02	-
3. Interest cost	1.92	1.01
<b>TOTAL</b>	<b>17.77</b>	<b>11.11</b>
<b>III. Remeasurement (gains) / losses recognised in other Comprehensive Income</b>		
Actuarial gains and loss arising from changes in financial assumptions	6.39	-
Actuarial gains and loss arising from experience adjustments	(9.30)	5.23
<b>TOTAL</b>	<b>(2.92)</b>	<b>5.23</b>
<b>IV. Actuarial assumptions</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
1. Discount rate	7.70%	7.25%
2. Salary escalation rate - over a long-term	7%	5%
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 21-30: 10%, Age 31-40: 5%, Age 41-50: 3%, Age 51-55: 2%, Age 56-60: 1%	Age upto 30: 10%, Age 31-40: 5%, Age 41-50: 3%, Age 51-55: 2% and Age above 56: 1%
<b>V. Sensitivity analysis for each significant actuarial assumption</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
	<b>0.5% increase</b>	
Discount rate	(2.55)	(1.75)
Salary escalation rate - over a long-term	2.19	1.54
	<b>0.5% Decrease</b>	
Discount rate	2.30	1.59
Salary escalation rate - over a long-term	(2.18)	(1.61)



VI. Maturity analysis of defined benefit obligation		
Within the next 12 months	1.70	1.08
Between 2 and 5 years	8.08	7.32
Between 6 and 10 years	11.99	9.18
<b>Total expected payments</b>	<b>21.77</b>	<b>17.59</b>

**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-18	31-Mar-17
Contribution to provident fund	40.06	25.86
Contribution to Employee's State Insurance	21.49	13.82

(c) Current/ non-current classification

Particulars	31-Mar-18	31-Mar-17
<b>Gratuity</b>		
Current	1.70	1.08
Non Current	34.08	26.00

Note No. 28 :- Disclosures under Ind AS 17

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017	For the year ended 1 April, 2016
<b>Details of leasing arrangements</b>			
<b>As Lessee</b>			
<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 30% every 1 to 2 years.			
<b>Future Non-Cancellable minimum lease commitments:</b>			
not later than one year	73.44	15.19	2.50
later than one year and not later than five years	155.16	26.40	2.70
later than five years	-	-	-

Handwritten initials and signature on the left side of the page.



Note No. 29 :- Financial Instruments and Risk Review

**Financial risk management**

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk management framework.

**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.

(₹ in Lakhs)

**Exposure to interest rate risk**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Total Borrowings	144.14	35.03	76.30
% of Borrowings out of above bearing variable rate of interest	100%	100%	100%

**Interest rate sensitivity**

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

	2017-18	2016-17
50 bp increase would decrease the profit before tax by	0.72	0.18
50 bp decrease would increase the profit before tax by	0.72	0.18

**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, 2018	As at 31st March, 2017	As at 1st April, 2016
BSE Sensex 30- Increase 5%	14.44	7.50	5.15
BSE Sensex 30- Decrease 5%	14.44	7.50	5.15

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

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.

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, 2018, One single customer contributed 10% or more to Company's revenue amounting to ₹ 229.12 Lakhs.

For the previous year ended March 31, 2017, one single customer contributed 10% or more to Company's revenue amounting to ₹ 504.43 Lakhs.

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

*[Handwritten signature]*




## Ageing of Account receivables

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Not due			
0 to 3 months	290.38	314.49	388.73
3 to 6 months	40.20	32.48	27.67
6 to 12 months	23.68	9.13	13.40
beyond 12 months	9.88	0.69	4.02
<b>Total</b>	<b>364.14</b>	<b>356.79</b>	<b>433.82</b>

## 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.

As at 31st March, '18	0 to 3 months	3 to 6 months	6 to 12 months	Beyond 12 months	Total
Trade Payable	70.43	0.45	5.43	2.89	79.2
Payable related to Capital goods	-	-	-	-	-
Other Financial liability (Current and Non Current)	-	-	-	-	-
<b>Total</b>	<b>70.43</b>	<b>0.45</b>	<b>5.43</b>	<b>2.89</b>	<b>79.20</b>

(₹ in Lakhs)

As at 31st March, '17	0 to 3 months	3 to 6 months	6 to 12 months	Beyond 12 months	Total
Trade Payable	84.48	-	-	2.63	87.11
Payable related to Capital goods	-	-	-	-	-
Other Financial liability (Current and Non Current)	-	-	-	-	-
<b>Total</b>	<b>84.48</b>	<b>-</b>	<b>-</b>	<b>2.63</b>	<b>87.11</b>

## 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, 2018	As at 31st March, 2017
<b>Equity shares</b>		
Final dividend for the year ended 31st March, 2017 of INR 0.50 (31st March, 2016 - INR 0.50) per fully paid share	25.00	25.00
<b>Dividends not recognised at the end of the reporting period</b>		
Addition to the above dividends, since year end the directors have recommended the payment of a final dividend of INR 0.50 per fully paid equity share (31st March, 2017 - INR 0.50). 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 CLASSIFICATION OF FINANCIAL INSTRUMENTS

(₹ in Lakhs)

Particulars	Refer Note no.	Non-current			Current		
		31.03.2018	31.03.2017	01.04.2016	31.03.2018	31.03.2017	01.04.2016
<b>Financial Assets measured at Fair value through Profit or loss (FVTPL)</b>							
Investment in Equity shares (Net of provision)	3	288.74	150.00	103.02			
Investment in shares of immovable property (Net of provision)							
<b>Financial Assets measured at Fair value through other comprehensive income (FVTOCI)</b>							
<b>Financial Assets measured at amortised cost</b>							
Security Deposits (Net of provision)	4	34.29	44.30	35.89	364.15	356.78	433.81
Trade receivables	7				10.12	19.66	62.70
Cash and cash equivalents	8 (a)				126.59	100.55	60.00
Other balances with banks	8 (b)				85.00	85.00	110.00
Inter Corporate Deposit:	9				1.21	0.75	0.55
Other Receivable	9				15.04	14.99	8.86
Interest Receivable	9						
<b>Financial Liabilities measured at amortised cost</b>							
Borrowings	14				144.13	35.03	76.30
Trade payables					79.20	87.12	108.59
Other financial liabilities	15				64.10	65.23	77.21



(₹ in Lakhs)

FAIR VALUE MEASUREMENTS		Fair Value hierarchy		
		Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets / financial liabilities	Fair Value as at 31.03.2018			
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

FAIR VALUE MEASUREMENTS		Fair Value hierarchy		
		Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets / financial liabilities	Fair Value as at 31.03.2017			
Financial assets measured at fair value through profit or loss	150.00	150.00	-	-
Financial assets measured at fair value through other comprehensive income	NA	NA	NA	NA

FAIR VALUE MEASUREMENTS		Fair Value hierarchy		
		Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets / financial liabilities	Fair Value as at 01.04.2016			
Financial assets measured at fair value through profit or loss*	103.02	103.02	-	-
Financial assets measured at fair value through other comprehensive income	NA	NA	NA	NA



**Note No. 32:- Disclosures as required by Indian Accounting standard (Ind AS) 101 First time adoption of Indian accounting standard**

The Company has adopted Ind AS with effect from 1 April 2017 with comparatives being restated. Accordingly the impact of transition has been provided in the Opening Reserves as at 1 April 2016 and all the periods presented have been restated accordingly.

**(i) Exemptions availed on first time adoption of Ind AS 101:**

On first time adoption of Ind AS, Ind AS 101 allows certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has availed the following exemptions:

- Since, there is no change in the functional currency of the Company, it has opted to continue with the carrying values measured under the previous GAAP and use that carrying value as the deemed cost for property, plant and equipment and intangible assets on the date of transition.
- The Company has opted to continue with the carrying values measured under the previous GAAP and use that carrying value as the deemed cost for investment in subsidiaries, associates and joint ventures on the date of transition to Ind AS.

**(ii) Exceptions**

The following mandatory exceptions have been applied in accordance with Ind AS 101 in preparing the financial statements:

**Optional exemptions availed****Property, plant and equipment & Intangible assets :**

- The Company has elected to consider the carrying value of all its items of property, plant and equipment and intangible assets recognised in the financial statements prepared under Previous GAAP and use the same as deemed cost in the opening Ind AS Balance Sheet.

**Ind AS Mandatory exceptions :****(a) Estimates**

The estimates at 1 April 2016 and at March 31, 2017 are consistent with those made for the same dates in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of previous GAAP did not require estimation:

- Impairment of financial assets based on the expected credit loss model, and
- Investments in equity instruments carried as FVPL or FVOCI.

The estimates used by the Company to present the amounts in accordance with the Ind AS reflect conditions that existed at the date on transition to Ind AS.

**(b) Classification and measurement of financial assets**

The Company has classified the financial assets and liabilities in accordance with Ind AS 109 on the basis of facts and circumstances that existed at the date on transition to Ind AS.

**(iii) Transition to Ind AS - Reconciliations**

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS as required under Ind AS 101:

- Reconciliation of Balance sheet as at April 1, 2016 (Transition Date)
- A - Reconciliation of Balance sheet as at March 31, 2017  
B - Reconciliation of Total Comprehensive Income for the year ended March 31, 2016
- Reconciliation of Equity as at April 1, 2016 and as at March 31, 2017
- Adjustments to the statement of cash flows.

The presentation requirements under Previous GAAP differs from Ind AS, and hence, Previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The Regrouped Previous GAAP information is derived from the Financial Statements of the Company prepared in accordance with Previous GAAP.

**I. Reconciliation of Balance sheet as at April 1, 2016**

Particulars	Notes to first time adoption	Regrouped Previous GAAP	Ind AS adjustments	Ind AS
<b>I. ASSETS</b>				
<b>(1) NON-CURRENT ASSETS</b>				
(a) Property, plant and equipments		97.78		97.78
(b) Other Intangible assets		21.84		21.84
(c) Financial assets				
(i) Investments		103.02		103.02
(ii) Other financial assets	A	38.79	(2.89)	35.89
(d) Deferred tax assets (Net)		-		-
(e) Current Tax Assets (Net)		209.18		209.18
		470.59	(2.89)	467.70
<b>(2) Current Assets</b>				
(a) Financial assets				
(i) Trade receivables		433.81		433.81
(ii) Cash and cash equivalents		62.70		62.70
(iii) Bank balances other than (ii) above		60.00		60.00
(iv) Other financial assets		119.41		119.41
(b) Other current assets	A	8.65	2.68	11.33
		684.57	2.68	687.25
<b>TOTAL</b>		<b>1,155.17</b>	<b>(0.21)</b>	<b>1,154.95</b>



<b>II. EQUITY AND LIABILITIES</b>				
<b>(1) EQUITY</b>				
(a) Equity Share Capital		50.00		50.00
(b) Other Equity	A	802.13	(0.21)	801.92
		852.13	(0.21)	851.92
<b>(2) NON-CURRENT LIABILITIES</b>				
(a) Provisions		15.61		15.61
		15.61	-	15.61
<b>(3) CURRENT LIABILITIES</b>				
(a) Financial liabilities				
(i) Borrowings		76.30		76.30
(i) Trade payables		108.59		108.59
(ii) Other financial liabilities		77.21		77.21
(b) Other current liabilities		25.33		25.33
(c) Provisions		-		-
		287.43	-	287.43
<b>TOTAL</b>		1,155.17	(0.21)	1,154.95

II. A. Reconciliation of Balance sheet as at March 31, 2017

Particulars	Notes to first time adoption	Regrouped Previous GAAP	Ind AS adjustments	Ind AS
<b>I. ASSETS</b>				
<b>(1) NON-CURRENT ASSETS</b>				
(a) Property, plant and equipments		99.32		99.32
(b) Other Intangible assets		14.08		14.08
(c) Intangible assets under development		-		-
(d) Financial assets		-		-
(i) Investments		150.00		150.00
(ii) Other financial assets	A	49.20	(4.89)	44.30
(e) Deferred tax assets (Net)		14.27		14.27
(f) Current Tax Assets (Net)		224.39		224.39
		551.26	(4.89)	546.36
<b>(2) Current Assets</b>				
(a) Financial assets				
(i) Trade receivables		356.78		356.78
(ii) Cash and cash equivalents		19.66		19.66
(iii) Bank balances other than (ii) above		100.55		100.55
(iv) Other financial assets		100.75		100.75
(b) Other current assets	A	33.84	4.59	38.42
		611.57	4.59	616.16
<b>TOTAL</b>		1,162.83	(0.31)	1,162.52
<b>II. EQUITY AND LIABILITIES</b>				
<b>(1) EQUITY</b>				
(a) Equity Share Capital		50.00		50.00
(b) Other Equity	A	878.76	(0.31)	878.45
		928.76	(0.31)	928.45
<b>(2) NON-CURRENT LIABILITIES</b>				
(a) Provisions		26.29		26.29
		26.29	-	26.29
<b>(3) CURRENT LIABILITIES</b>				
(a) Financial liabilities				
(i) Borrowings		35.03		35.03
(i) Trade payables		87.12		87.12
(ii) Other financial liabilities		65.23		65.23
(b) Other current liabilities		19.32		19.32
(c) Provisions		1.08		1.08
		207.78	-	207.78
<b>TOTAL</b>		1,162.83	(0.31)	1,162.52



II. B - Reconciliation of statement of profit or loss for the year ended March 31, 2017

Particulars	Notes to first time adoption	Regrouped Previous GAAP	Ind AS adjustments	Ind AS
Revenue from Operations		2,144.11		2,144.11
Other Income	A	41.13	1.31	42.44
Total ( I + II )		2,185.24	1.31	2,186.55
Expenses:				
a) Cost of Service				
b) Employee benefits expenses	B	1,053.87	(5.23)	1,048.65
c) Finance Cost		6.79		6.79
d) Depreciation and Amortization expenses		73.07		73.07
e) Other expenses	A	952.67	1.40	954.07
Total		2,086.41	(3.83)	2,082.58
Profit before exceptional and extraordinary items and tax	A,B	98.83	5.13	103.97
Exceptional item - Net		-		-
Profit before Tax		98.83	5.13	103.97
Tax expense:				
1. Current Tax		36.47		36.47
2. Deferred Tax	E	(14.27)	1.73	(12.54)
3. Tax Adjustments of prior years (Net)				
Profit for the period after Tax		76.63	3.41	80.03
<b>Other comprehensive income</b>				
(i) Items that will not be recycled to profit or loss				
Remeasurements of the defined benefit liabilities / (asset)	B	-	(5.23)	(5.23)
(ii) Income tax relating to items that will not be reclassified to profit or loss	E	-	1.73	1.73
<b>Total comprehensive income for the period</b>		76.63	(0.09)	76.54

III. A- Reconciliation of Equity

Particulars	Notes	As at 31st March 2017	As at 1st April 2016
Equity as reported under previous GAAP		928.76	852.13
<b>Ind AS: Adjustments increase (decrease):</b>			
Revaluation of investments		-	-
Fair Valuation on Financial assets	A	(0.31)	(0.21)
Equity as reported under IND AS		928.45	851.92

IV B - Reconciliation of Income Statement

PARTICULARS	Notes	As at 31st March 2017
Previous GAAP		76.63
<b>Ind AS: Adjustments increase (decrease):</b>		
Fair Value Gain on Revaluation of investments		
Others (Net)	A,B	5.13
Deferred Tax assets on IND AS adjustments	E	(1.73)
<b>Total adjustment to profit or loss</b>		3.41
Profit or loss under Ind AS		80.03
Other comprehensive income	B,D	(3.50)
<b>Total comprehensive income under Ind AS</b>		76.54

Footnotes:

A. Financial Asset - Security deposits

Under the previous GAAP, interest free security deposits are recorded at their transaction value. Under IND AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued the security deposits under IND AS. Difference between fair value of security deposits and the carrying value (transaction value) as per Previous GAAP has been recognised as prepaid rent. Consequently, the amount of security deposits has been decreased by ₹ 4.89 Lakhs as at 31st March, 2017 ( ₹ 2.89 Lakhs as at 1st April, 2016). The prepaid rent increased by ₹ 4.59 Lakhs as at 31st March, 2017 ( ₹ 2.68 Lakhs as at 1st April, 2016). Total equity decreased by ₹ 0.21 Lakhs as at 1st April, 2016. The profit for the year and total equity as at 31st March, 2017 decreased by ₹ 0.09 Lakhs (net) due to amortisation of the prepaid rent of ₹ 1.40 Lakhs is partially off-set by the notional interest income of ₹ 1.31 Lakhs recognised on these security deposits.

B. Remeasurement of defined benefit plans :

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability, are recognised in other comprehensive income instead of profit and loss. Actuarial loss of ₹ 5.23 Lakhs is reclassified from Employee Benefits Expenses to other comprehensive income, resulting in decrease in Employee Benefits Expenses for the year March 2017.



**C Retained earnings**

Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

**D Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

**E Deferred Tax**

a.) Deferred Tax on aforesaid IND AS adjustments.

b.) Under IGAAP, MAT credit entitlement is presented under other non current assets. However, under Ind AS, MAT credit entitlement is considered as deferred tax assets and classified accordingly.

**F Current Tax**

Tax component on Actuarial Gains and losses which is transferred to Other Comprehensive Income under IND AS and Tax Component on premium payable on redemption of debentures which was debited to security premium account under previous GAAP As required under the Ind AS, the same has been debited to Profit and Loss.

As per our report attached

**K.S. Aiyar & Co.**

Chartered Accountants

ICAI Firm's Registration number-100186W

  
**Sanjay Dave**  
Partner  
Membership Number-25289



Place: Bangalore  
Date: May 22, 2018

For and on behalf of the Board

  
Chairman  
DIN: 00096977  
  
Director  
DIN: 00125532  
SD Date: May 22, 2018

  
CEO  
  
Director  
DIN: 00049517  
Director

