RARE HOSPITALITY & SERVICES PRIVATE LIMITED

FINANCIAL STATEMENTS

FY 2018-19

A P & CO.

Chartered Accountants

512 A Rewa Chambers, 5th Fl., 31 Sir Vithaldas Thackersey Marg, Mumbai 400 020. Phone: 22017205, 22017206. Fax:22019953
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Independent Auditors' Report

To the Members of RARE HOSPITALITY & SERVICES PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

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

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

We draw attention to Note No. 37 to the Ind AS financial statements, which indicates that the Company has incurred net cash losses of INR 4.15 million in the current financial year and earned net cash profit of INR 24.67 million in the immediately preceding financial year. The net worth of the Company is positive, and the assets of the Company exceed the liabilities as at the balance sheet date by INR 29.50 million. However, the Ind AS financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Basis for Opinion

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

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profits, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The 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 financial statements comply with the Ind AS specified under section 133 of the Act, read with relevant rules issued thereunder.
   e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A".** Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      - The Company has disclosed the impact of pending litigations on its financial position in its financial statements – refer note 31;
      - The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
      - There were no amount to be transferred by the Company to the Investor Education and Protection Fund.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure B"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

For M/s A P & Co
Chartered Accountants
(Firm's Registration. No. 100040W)

CA Ashok Mehta
(Partner)
Membership No. 037686

Place: Mumbai
Date: April 30, 2019

A P & CO.

Chartered Accountants

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ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **RARE HOSPITALITY & SERVICES PRIVATE LIMITED** as of even date)

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

Opinion

We have audited the internal financial controls over financial reporting of **RARE HOSPITALITY & SERVICES PRIVATE LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls Over Financial Reporting

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

For M/s A P & Co
Chartered Accountants
(Firm's Registration. No. 100040W)

CA Ashok Mehta
(Partner)
Membership No. 037686

Place: Mumbai
Date: April 30, 2019

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ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **RARE HOSPITALITY & SERVICES PRIVATE LIMITED** of even date)

1. a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   b) The fixed assets have been physically verified by the management at reasonable intervals. As informed, the discrepancies noticed on physical verification of fixed assets as compared to book records were not material and have been properly dealt with in the books of account.
   c) With respect to immovable properties of land and buildings, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed / court orders approving schemes of arrangements/amalgamations provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.

2. a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
   b) The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.

3. a) The Company has not given unsecured loans to companies listed in the Register maintained under Section 189 of the Companies Act, 2013.
   b) In our opinion, the rate of interest and other terms and conditions of the grant of such loans are not, prima facie, prejudicial to the Company's interest
   c) In our opinion, and according to the information and explanations given to us, the schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations
   d) There are no overdue amounts in respect of such loans.

4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013, in respect of grant of loans, making investments and providing guarantees and securities, where applicable.

5. The Company has not accepted any deposits and so the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under do not apply to the Company.

6. The Central Government has not prescribed maintenance of cost records under sub section (1) of Section 148 of the Companies Act, 2013 in respect of the products dealt with by the Company.

7. a) Statutory dues including provident fund, employees' state insurance, income tax, service tax, professional tax, customs duty, excise duty, value added tax, cess and other statutory dues applicable to the Company have generally been regularly deposited with the appropriate authorities though there have been some delays in deposit of dues relating to Provident Fund, Employees' State Insurance and Service Tax.
   b) There were no outstanding statutory dues as at March 31, 2019 for a period of more than six months from the date they became payable.
   c) According to the information and explanations given to us, there are no disputed statutory dues, pending to be deposited as on 31st March, 2019:

8. In our opinion and according to the information and explanations given to us the Company has not defaulted in repayment of dues to financial institutions, banks, Government or debenture holders.

9. The Company has not raised term loans during the year by way of an initial public offer. .

10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year

11. In our opinion and according to the information and explanation given to us, and on the basis of our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company and, therefore, paragraph 3 (xii) of the Order is not applicable.

13. In our opinion and according to the information and explanation given to us, and on the basis of our examination of the records of the Company, transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Standalone Ind AS financial statements as required by the applicable Indian accounting standards.

14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and, therefore, paragraph (xiv) of the Order is not applicable to the Company.

15. In our opinion and according to the information and explanation given to us, and on the basis of 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 during the year and, therefore, paragraph 3 (xv) of the Order is not applicable.

16. The Company is not required to be registered under Section 45 IA of the Reserve Bank of India (RBI) Act, 1934.

For M/s A P & Co
Chartered Accountants
(Firm's Registration. No. 100040W)

CA Ashok Mehta
(Partner)
Membership No. 037686

Place: **Mumbai**
Date: **April 30, 2019**

All in INR million except share data

Balance Sheet as at March 31, 2019

	Particulars	Note No.	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
A	**ASSETS**				
	Non – current assets				
	Property, Plant and Equipment	4	17.56	13.62	15.86
	Financial assets				
	(i) Investments	5	0.03	0.18	0.18
	(ii) Other non-current financial assets	6	24.29	73.41	48.28
	Deferred tax assets (net)	7	45.82	35.69	33.32
	Income tax Assets	7	34.97	20.45	15.48
	Total non – current assets		**122.67**	**143.35**	**113.11**
	Current assets				
	Inventories	9	3.03	6.53	6.42
	Financial assets				
	(i) Trade receivables	10	204.06	204.13	172.26
	(ii) Cash and Cash Equivalents	11	36.62	24.34	23.21
	(iii) Other current financial assets	6	31.83	0.21	0.03
	Other current assets	8	4.30	5.54	4.56
	Total current assets		**279.84**	**240.75**	**206.49**
	Total assets		**402.51**	**384.10**	**319.60**
B	**EQUITY AND LIABILITIES**				
	Equity				
	Equity share capital	12	10.00	10.00	10.00
	Other equity	13	19.50	(27.98)	(37.55)
	Total equity		**29.50**	**(17.98)**	**(27.55)**
	Liabilities				
	Non – current liabilities				
	Financial liabilities				
	(i) Borrowings	14	0.28	0.12	0.34
	(ii) Other non-current financial liabilities	16	0.06	-	-
	Provisions	18	34.90	27.26	22.80
	Total Non- Current liabilities		**35.24**	**27.38**	**23.15**
	Current liabilities				
	Financial liabilities				
	(i) Borrowings	14	121.18	129.56	122.38
	(ii) Trade payables				
	a) total outstanding dues of micro enterprises and small enterprises	15	-	-	-
	b) total outstanding dues of creditors other than micro enterprises and small enterprises	15	38.08	36.21	50.52
	(iii) Other current financial liabilities	16	88.84	37.85	41.67
	Other current liabilities	19	38.93	136.08	75.87
	Provisions	18	50.73	35.01	33.58
	Total current liabilities		**337.77**	**374.70**	**324.01**
	Total liabilities		**373.01**	**402.08**	**347.15**
	Total Equity and Liabilities		**402.51**	**384.10**	**319.60**

The accompanying notes form an integral part of these financial statements.

As per our report on even date
FOR M/S A P & Co.
Chartered Accountants
(Firm's Registration. No. 100040W)

For and on behalf of the Board

Ashok H. Mehta
(Partner)
M. No.: 037686

Ammin Rajqotwala
Director
DIN: 00508037

Dhiraj Singh
Director
DIN: 00066899

Place: Mumbai
Date: April 30, 2019

All in INR million except share data

Statement of Profit and Loss for the year ended March 31, 2019

S No	Particulars	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
1	**Income**			
	a) Revenue from operations	21	902.78	778.97
	b) Other income	22	0.43	4.03
	c) Other gain/(loss)	23	0.23	0.33
	Total Income (a+ b +c)		**903.44**	**783.33**
2	**Expenses**			
	a) Cost of materials consumed	24	-	-
	b) Purchases of stock-in-trade		36.87	32.35
	c) Changes in inventories of stock – in- trade	25	3.51	(0.11)
	d) Employee benefits expense	26	713.57	532.13
	e) Finance costs	27	20.11	18.96
	f) Depreciation and amortization expenses	28	2.41	3.15
	g) Other expenses	29	183.78	190.48
	Total expenses (a + b + c + d + e + f + g)		**960.25**	**776.96**
3	**Profit / (loss) before tax and exceptional items (1-2)**		**(56.81)**	**6.37**
4	Exceptional items		-	-
5	**Profit before tax (3-4)**		**(56.81)**	**6.37**
6	**Tax expense**			
	Current tax	7	-	-
	Deferred tax	7	(8.51)	(2.64)
	Total tax expense		**(8.51)**	**(2.64)**
7	**Profit / (loss) for the year (5-6)**		**(48.30)**	**9.01**
8	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss:			
	a) Re-measurement of defined benefits plan	26	(5.84)	0.83
	b) Income tax relating to these items	7	1.62	(0.27)
	Other comprehensive income for the year (net of taxes)		**(4.21)**	**0.56**
9	**Total comprehensive income / (loss) for the year (7+8)**		**(52.51)**	**9.57**
10	Earnings per share (EPS) (face value INR 10 per share)	30		
	a) Basic (INR)		(48.30)	9.01
	b) Diluted (INR)		(48.30)	9.01
11	Weighted average equity shares used in computing earnings per equity share			
	a) Basic (Nos.)		1,000,000	1,000,000
	b) Diluted (Nos.)		1,000,000	1,000,000

The accompanying notes form an integral part of these financial statements.

As per our report on even date
FOR M/S A P & Co.
Chartered Accountants
(Firm's Registration. No. 100040W)

For and on behalf of the Board

Ashok H. Mehta
(Partner)
M. No.: 037686

Ammin Rajqotwala
Director
DIN: 00508037

Dhiraj Singh
Director
DIN: 00066899

Place: Mumbai
Date: April 30, 2019

All in INR million, unless stated otherwise

Statement of Changes in Equity

A. Equity Share Capital

Particulars	Amounts
As at April 1, 2017	**10.00**
Changes in equity share capital	-
As at March 31, 2018	**10.00**
Changes in equity share capital	-
As at March 31, 2019	**10.00**

B. Other Equity

		Reserves and Surplus		Total Other Equity
	Equity Component of Compounded financial Instrument	Retained earnings	General reserve	
As at April 1, 2017	-	(42.55)	5.00	**(37.55)**
Profit / (loss) for the year	-	9.01	-	**9.01**
Other comprehensive income	-	0.56	-	**0.56**
Total Comprehensive Income for the year	**-**	**9.57**	**-**	**9.57**
Other appropriation	-	-	-	**-**
As at March 31, 2018	**-**	**(32.98)**	**5.00**	**(27.98)**

		Reserves and Surplus		Total Other Equity
	Equity Component of Compounded financial Instrument	Retained earnings	General reserve	
As at April 1, 2018	-	**(32.98)**	**5.00**	**(27.98)**
Profit / (loss) for the year	-	(48.30)	-	**(48.30)**
Other comprehensive income	-	(4.21)	-	**(4.21)**
Total Comprehensive Income for the year	**-**	**(52.51)**	**-**	**(52.51)**
Equity Component of Compounded financial Instrument	100.00	-	-	**100.00**
As at March 31, 2019	**100.00**	**(85.50)**	**5.00**	**19.50**

The accompanying notes form an integral part of these financial statements.

As per our report on even date
FOR M/S A P & Co.
Chartered Accountants
(Firm's Registration. No. 100040W)

For and on behalf of the Board

Ashok H. Mehta
(Partner)
M. No.: 037686

Ammin Rajqotwala
Director
DIN: 00508037

Dhiraj Singh
Director
DIN: 00066899

Place: Mumbai
Date: April 30, 2019

All in INR million, unless stated otherwise

Statement of Cash Flows for the year ended March 31, 2019

Particulars		Year ended	
		March 31, 2019	March 31, 2018
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit / (loss) before tax	(56.81)	6.37
	Adjusted for:		
	Depreciation and Amortization expenses	2.41	3.15
	Finance costs	20.11	18.96
	Interest income classified as investing cash flows	(0.43)	(4.03)
	Bad debts written off	30.57	0.22
	Operating profit/(loss) before changes in working capital	**(4.15)**	**24.67**
	Changes in working capital:		
	Decrease / (increase) in Trade receivables	(30.33)	(32.09)
	Decrease / (increase) in Inventories	3.51	(0.11)
	Decrease / (increase) in other current assets	50.40	(26.08)
	Decrease / (increase) in other current financial assets	(31.63)	(0.18)
	(Decrease) / increase in Trade payables	1.88	(14.31)
	(Decrease) / increase in provisions	17.52	6.72
	(Decrease) / increase in other current liabilities	(86.67)	60.22
	Decrease / (increase) in other current financial liabilities	40.37	(3.70)
		(39.10)	15.14
	Decrease / (increase) in other non-current financial liabilities	0.06	-
	Cash (used in) /generated from operations	(39.04)	15.14
	Direct tax paid (net of refunds)	(14.52)	(4.97)
	Net cash inflow / (outflow) from operating activities	**(53.56)**	**10.17**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of property plant and equipment and changes in capital work in progress	(6.35)	(0.95)
	Proceeds from sale/disposal of property, plant and equipment	-	0.04
	(Investment) in / matured fixed deposits	(0.04)	(0.03)
	Interest received	0.42	4.03
	Dividend received	-	0.01
	Net cash inflow / (outflow) from investing activities	**(5.97)**	**3.10**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from term loans	1.04	0.18
	Repayment of term loans	(0.74)	(0.53)
	Change in loans repayable on demand	(11.49)	6.69
	Capital contribution received	100.00	-
	Interest paid	(20.11)	(18.96)
	Net cash inflow / (outflow) from financing activities	**68.70**	**(12.62)**
D.	**Net increase / (decrease) in cash and cash equivalents (A+B+C)**	9.17	0.65
E.	Cash and cash equivalents at the beginning of the year	24.34	23.21
F.	Opening cash credit	(115.49)	(115.01)
	Cash and cash equivalents at the end of the year (D+E+F+G)	**(81.98)**	**(91.15)**

(This space has been intentionally left blank)

All in INR million, unless stated otherwise

Reconciliation of cash and cash equivalents as per the statement of the cash flows		
Cash and cash equivalents as per above comprise of the following:	**March 31, 2019**	**March 31, 2018**
Cash and cash equivalents at the end of the period	36.62	24.34
Cash credit	(118.60)	(115.49)
Bank overdrafts	-	-
Balances as per statement of cash flows	**(81.98)**	**(91.15)**

The accompanying notes form an integral part of these financial statements.

As per our report on even date
FOR M/S A P & Co.
Chartered Accountants
(Firm's Registration. No. 100040W)

For and on behalf of the Board

Ashok H. Mehta
(Partner)
M. No.: 037686

Ammin Rajqotwala
Director
DIN: 00508037

Dhiraj Singh
Director
DIN: 00066899

Place: Mumbai
Date: April 30, 2019

Notes to the financial statements

1. Company overview

Rare Hospitality & Services Private Limited ("the Company") is a company limited by shares, incorporated and domiciled in India. The Company was incorporated on 28th July 1994. Its registered office is situated at 10, Aishwarya Tower, Ground Floor, CST Road, Kalina, Santcruz – East, Mumbai - 400098, India

The Company is engaged in the business of rendering facility management services.

During the year ended March 31, 2019, Security and Intelligence Services (India) Limited ('SIS') has acquired 80% of outstanding equity shares of the Company from the existing shareholders. With this acquisition, the Company has become subsidiary of SIS (refer note 12).

These financial statements were authorized for issue by the directors on April 30, 2019.

2. Summary of significant accounting policies

This note provides a list of significant accounting policies adopted in the preparation of these financial statements.

2.1 Basis of preparation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind-AS) and comply in all material respects with the Ind-AS and other applicable provisions of the Companies Act, 2013 ("the Companies Act"). The Ind-AS are notified under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The financial statements are presented in Indian Rupees (INR) and are rounded off to the nearest millions ('Mn') except per share data and unless stated otherwise. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Previous GAAP"). The actual date of transition to Ind-AS is April 1, 2018 for the financial year ended March 31, 2019 and so the financial statements for the year ended March 31, 2018 have also been translated to Ind-AS resulting in the balance sheet as of April 1, 2017 being redrawn to comply with Ind-AS. These financial statements for the year ended March 31, 2019 are the first financial statements the Company has prepared in accordance with Ind-AS. Refer note 38 for an explanation of how the transition from Previous GAAP to Ind-AS has affected the Company's financial position, financial performance and cash flows.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention on an accrual and going concern basis, except for the following material items which have been measured at fair value as required by relevant Ind-AS:
a) certain financial assets and financial liabilities (including derivative financial instruments) and contingent consideration that are measured at fair value;
b) assets held for distribution to owners upon demerger that are held at lower of carrying cost and fair value less cost to distribute;
c) share based payments; and
d) The defined benefit asset/(liability) which is recognised as the present value of defined benefit obligation less fair value of plan assets.

Accounting policies have been applied consistently to all periods presented in these financial statements.

The financial statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and division II of schedule III of the Companies Act 2013. For the purpose of clarity, various items are aggregated in the statements of profit and loss and balance sheet. These items are disaggregated separately in the notes to the financial statements, where applicable or required.

Fair value measurement

The Company records certain financial assets and liabilities at fair value on a recurring basis. The Company determines fair value based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, bonds and debentures and mutual funds that have quoted price. The fair value of all financial instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

In accordance with Ind-AS 113, 'Fair value measurement', assets and liabilities are to be measured based on the following valuation techniques:
(i) Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
(ii) Income approach – Converting the future amounts based on market expectations to its present value using the discounting method.
(iii) Cost approach – Replacement cost method.

2.3 Summary of significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is classified as current when it is:
(i) Expected to be realised or intended to be sold or consumed in the normal operating cycle;
(ii) Held primarily for the purpose of trading;
(iii) Expected to be realised within twelve months after the reporting period; or
(iv) Cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period;

All other assets are classified as non-current.

A liability is current when:
(i) It is expected to be settled in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting period; or
(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments, do not affect its classification.

The Company classifies all other liabilities as non-current.

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

b) Property, plant and equipment

Recognition and measurement

An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Items of property, plant and equipment ('PPE') are initially recognized at cost. Freehold land is carried at historical cost. All other items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any.Cost comprises the purchase price, asset retirement obligation and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost.

Subsequent expenditure related to an item of property, plant and equipment is added to its carrying value only when it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses on existing property, plant and equipment, including day-to-day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss in the year during which such expenses are incurred.

On transition to Ind-AS, since there is no change in the functional currency, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2017 measured as per the Previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

Property, plant and equipment under construction and cost of assets not ready for use at the year-end are disclosed as capital work-in-progress ('CWIP').

Depreciation

The Company depreciates property, plant and equipment over the estimated useful lives using written down value method from the date, the assets are available for use. Assets acquired under finance lease are depreciated over the asset's useful life or over the shorter of the estimated useful life of the asset and the related lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

The estimated useful lives of assets are as follows:

Category	Useful life
Buildings	60 years
Plant and machinery	8 to 15 years
Leasehold improvement	Shorter of useful life or lease period
Computer equipment	3 years
Furniture and fixtures	10 years
Office Equipment	5 years
Vehicles	8 years

Based on technical assessment, the useful lives as given above best represent the period over which the management expects to use these assets. The estimated useful lives for these assets may therefore be different from the useful lives prescribed under Part C of Schedule II of the Companies Act 2013.

The residual values are generally not more than 5% of the original cost of the asset. The asset's residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Additions are depreciated on a pro-rata basis from the date, the asset is available for use till the date the assets are derecognised.

An item of property, plant and equipment and any significant part, initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of profit and loss when the asset is derecognised.

c) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes borrowing costs for long-term construction projects if the recognition criteria are met. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of such expenditure can be measured reliably. All other repair and maintenance costs are recognized in profit or loss as incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are depreciated using written down value method over their estimated useful lives of 60 years. The useful life has been determined based on a technical evaluation performed by the management's expert.

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its investment property as recognized in its Previous GAAP financial statements as deemed cost at the transition date, viz., April 1, 2017.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

d) Intangible assets

Recognition and measurement

Intangible assets are recognized when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets acquired separately are measured on initial recognition at historical cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised software development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Subsequent expenditure is capitalized only when it increases the future economic benefits from the specific asset to which it relates.

On transition to Ind-AS, since there is no change in the functional currency, the Company has elected to continue with the carrying value of all its intangible assets recognised as at April 1, 2017 measured as per the Previous GAAP and use that carrying value as the deemed cost of the intangible assets.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life on a written down value method and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted accordingly. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

The estimated useful lives of intangible assets are as follows:

Category	Useful life
Computer software	5 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials, services, and direct payroll and related costs of employees' time spent on the project.

e) Investment in subsidiaries, associates and joint ventures

A subsidiary is an entity over which the Company has control. The Company controls an investee entity when it is exposed to,or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. This is generally the case where the Company holds between 20% and 50% of the voting rights.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control exist are similar to those necessary to determine control over the subsidiaries. Investments in subsidiaries, associates and joint ventures is accounted for at cost less impairment loss, if any. The said investments are tested for impairment whenever circumstances indicate that their carrying value may exceed the recoverable amount.

On transition to Ind-AS, the Company has elected to continue with the carrying value of all its investments in subsidiaries, associates and joint ventures recognized as at April 1, 2017 measured as per the Previous GAAP and used that carrying value as the deemed cost of investments in subsidiaries, associates and joint ventures.

f) 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.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. 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 four categories:

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

Financial instruments at amortised cost

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayments, extensions call and similar options) but does not consider the expected credit losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The interest income based on EIR is included as interest income as a part of other income in the statement of profit and loss. The losses arising from impairment are recognised in profit or loss. A gain or loss on such financial asset which is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 8 and Note 10.

Financial instruments at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

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

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

Financial instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is made only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss in respect of such assets that are not part of a hedging relationship. The gain /loss on assets measured at FVTPL are presented in the statement of profit and loss within other gains/losses in the period in which it arises. Interest income from these financial assets is included in other income.

Equity investments

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

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

Equity instruments included within the FVTPL category are measured at fair value with gain/loss presented in the statement of profit and loss within other gains/losses in the period in which it arises.

Derecognition of financial assets

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

(i) The rights to receive cash flows from the asset have expired, or

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

When the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized. Similarly, where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Impairment of financial assets

The Company recognizes loss allowances on a forward-looking basis using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Lifetime ECL allowance is recognized for trade receivables with no significant financing component. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case they are measured at lifetime ECL. Note 35 details how the Company determines whether there has been a significant increase in the credit risk. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognized in the statement of profit and loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments, if any entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

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

Borrowings

After initial recognition, borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowing using the EIR method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares which are mandatorily redeemable are classified as liabilities. The dividends on these preference shares, to the extent such dividends are mandatorily payable, are recognised in profit or loss as finance costs.

The fair value of the liability portion of an optionally convertible debenture/ bond/ preference share or a zero-coupon debenture/ bond/ preference share or compulsorily convertible debenture/preference shares where the price of conversion of the debenture/preference shares into equity share is not fixed, is determined using a market rate of interest for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound financial instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently remeasured.

When the terms of a financial liability are renegotiated and the entity issues equity instrument to a creditor to extinguish all or part of a liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instrument issued.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Financial guarantee contracts

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

Financial Guarantee issued by the parent of the Company are recognized initially as a pre-payment at fair value with corresponding credit to equity contribution by the parent. The pre-payment is amortized over the period of financial guarantee on straight-line basis, and recognized as finance cost in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/ losses. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss as other gains/losses.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends upon whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged, and the type of hedge relationship designated.

Derivatives which are not designated as hedges are accounted for at fair value through profit or loss and are included in other gains/ losses.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind-AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determine changes in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

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

g) Trade receivables

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

h) Current and deferred tax

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

Current tax

The current income tax charge is calculated on the basis of tax laws enacted or substantially enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

(i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

(ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

(i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

(ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Current and deferred tax is recognised in profit or 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 ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

i) Inventories

Inventories are valued at the lower of the cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Cost includes custom duty, freight and other charges as applicable. The Company periodically reviews inventories to provide for diminution in the value of, and/or any unserviceable or obsolete, inventories.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

j) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are readily convertible to known amounts of cash and cash equivalents and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (including cash credit facilities) as they are considered an integral part of the Company's cash management. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

k) Non-current assets held for sale/distribution to owners and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale/distribution to owners if their carrying amounts will be recovered principally through a sale/distribution rather than through continuing use and where a sale is considered highly probable. Actions required to complete the sale/distribution should indicate that it is unlikely that significant changes to the sale/distribution will be made or that the decision to sell/distribute will be withdrawn and Management must be committed to the sale/distribution being completed within one year from the date of classification.

Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/distribute 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. Assets and liabilities classified as held for sale/distribution are presented separately in the balance sheet.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell/distribute. A gain is recognised for any subsequent increases in fair value less costs to sell/ distribute an asset (or a disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of sale/ distribution of the non-current asset (or disposal group) is recognised on the date of derecognition.

Property, plant and equipment and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortised.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:
(i) Represents a separate major line of business or geographical area of operations,
(ii) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
(iii) Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

l) Equity share capital

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

n) Provisions and contingent liabilities

Provisions

A provision is recognized when the Company has a present legal or a constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are recognised for legal claims and service warranties. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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 the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to the passage of time is recognised as an interest expense.

These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. In respect of losses that are covered by insurance, such losses are recognised as an expense when there is clear evidence or determination or probability that any portion of the loss is not expected to be settled through insurance or other forms of recovery.

Asset Retirement Obligations (ARO)

ARO are recognised for those operating lease arrangements where the Company has an obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation and are recognised as part of the cost of that particular asset and amortised or depreciated in the same manner as the asset to which it pertains. The estimated future costs of decommissioning are reviewed annually and any changes in the estimated future costs or in the discount rate applied are adjusted from the cost of the asset.

Contingent liabilities

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

Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

o) Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions.

Government grants relating to income or expenditure /expenses are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and recognised on a straight-line basis over the expected lives of related assets and presented within other income.

p) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Amounts recognised as revenue are net of returns, trade allowances, discounts, rebates, deductions by customers, service tax, value added tax, goods and services tax and amounts collected on behalf of third parties.

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method which is applied to contracts that were not completed as of April 1, 2018. Accordingly, the comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 was not material on the financial statements.

Revenue is recognized when the control is transferred to the customer and when the Company has completed its performance obligations under the contracts. Revenue is recognized in a manner that depicts the transfer of goods and services to customers at an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

Revenue is recognized as follows:

(i) Revenue from services represents the amounts receivable for services rendered.
(ii) For non-contract-based business, revenue represents the value of goods delivered or services performed.
(iii) For contract-based business, revenue represents the sales value of work carried out for customers during the period. Such revenues are recognized in the period in which the service is rendered.
(iv) Unbilled revenue (contract assets) net of expected deductions is recognised at the end of each period. Such unbilled revenue is reversed in the subsequent period when actual invoice is raised.
(v) Unearned revenue (contract liabilities) represents revenue billed but for which services have not yet been performed and is included under Advances from customers. The same is released to the statement of profit and loss as and when the services are rendered.
(vi) Revenue from the use of assets such as rent for using property, plant and equipment is recognized on a straight-line basis over the terms of the related leases unless payments are structured to increase in line with the expected general inflation to compensate for the lessors' expected inflationary cost increase.

Sale of goods

Revenue from the sale of goods is recognised when the control of goods has been transferred, being when the products are delivered to the buyer, the buyer having the full discretion over the use of the goods and there is no unfulfilled obligation that could affect the buyer's acceptance of the product. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the buyer, and either the buyer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Discounts and rebates are estimated based on accumulated experience. The Company provides normal warranty provisions for general repairs for one year on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold. Revenue is deferred and recognised on a straight line basis over the extended warranty period in case warranty is provided to customer for a period beyond one year.

Rendering of services

In contracts involving the rendering of services, revenue is measured using the proportionate completion method when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.
Estimates of revenue, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known to the management.

Multiple-element arrangements

When a sales arrangement contains multiple elements, such as services, material and maintenance, revenue for each element is determined based on each element's fair value.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

The undiscounted cash flows from the arrangement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

Dividends

Dividend income from investments is recognised in profit or loss as other income when the Company's right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and amount of the dividend can be measured reliably.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term unless payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increase and is included in revenue in the statement of profit or loss due to its operating nature.

q) Foreign currency translation

The financial statements of the Company are presented in Indian Rupees (INR) which is also the Company's functional currency, i.e., the currency of the primary economic environment in which the Company operates.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates prevailing at the date, the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates prevailing as at the reporting date. Subsequently, differences arising on restatement or settlement of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions and translation differences are recognized in OCI with the accumulation in other equity as foreign currency translation reserve. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

The equity items denominated in foreign currencies are translated at historical cost.

r) Employee benefits

The Company's employee benefits mainly include wages, salaries, bonuses, compensated absences, defined contribution to plans, defined benefit plans and share-based payments. The employee benefits are recognized in the year in which the associated services are rendered by the employees of the Company.

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and compensated absences expected to be settled within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for compensated absences is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as employee benefits payable under other financial liabilities, current.

Bonus

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually or legally obliged or where there is a past practice that has created a constructive obligation.

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The employees can carry forward up to a specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement. The expected cost of accumulating compensated absences is determined by actuarial valuation (using the projected unit credit method) based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. The expense on non-accumulating compensated absences is recognized in the statement of profit and loss in the year in which the absences occur. Re-measurements arising out of actuarial gains / losses are immediately taken into the statement of profit and loss and are not deferred.

In respect of those employees who are entitled to an encashment of the leave at the end of every calendar year, a provision is created to account for the liability.

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

Post-employment obligations

The Company operates the following post-employment schemes:

i) Defined contribution plans such as provident fund and employees' state insurance; and
ii) Defined benefit plans such as gratuity.

Defined contribution plan

The Company's policy to contribute on a defined contribution basis for eligible employees, to Employees' Provident Fund, Employees' Pension Scheme and Employees' State Insurance Scheme towards post-employment benefits, all of which are administered by the respective Government authorities, and has no further obligation beyond making its contribution which is expected in the year in which it pertains. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan

The Company has a defined benefit plan, viz., Gratuity, for all its employees, the liability for which is accrued and provided for as determined by an independent actuarial valuation. A portion of this liability for gratuity is contributed to a fund administered and operated by a reputed insurance company. The liability or asset recognised in the balance sheet in respect of 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 is actually determined (using the projected unit credit method) at the end of each year.

Present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields on government bonds at the end of the reporting periods that have approximately similar terms to the related obligation.

The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

(i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
(ii) Net interest expense or income

Past service costs are recognised in profit or loss on the earlier of:

(i) The date of the plan amendment or curtailment, and
(ii) The date that the Company recognises related restructuring costs.

The net interest is calculated by applying the above mentioned discount rate to the net balance of the defined benefit obligations and the fair value of plan assets. This cost is included in the employee benefits expense in the statement of profit and loss.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Equity settled stock-based compensation

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The fair value of options granted under various Employee Share option plans is recognised as an employee benefits expense with a corresponding increase in equity (share option outstanding account).
The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates in the period of change, if any, in the profit or loss, with corresponding adjustment to equity.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions, if any, are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Cash settled stock-based compensation

Employees of the Company receive share-based compensation in the form of parent company's share options. The cost of cash-settled transactions is measured initially at fair value at the grant date based on a debit note received from the parent company. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability.

s) Borrowing costs

Borrowing costs include interest calculated on the effective interest rate method, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of the assets that necessarily take a substantial period of time to get ready for their intended use or sale ('qualifying assets'), are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the statement of profit and loss within finance costs in the period in which they are incurred.

t) Exceptional items

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

u) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. Leases where the lessor transfers substantially all the risks and rewards incidental to ownership to the Company are classified as a finance lease and other leases are classified as operating leases.

Company as a lessee

(i) Operating leases

Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease term unless payments are structured to increase in line with the expected general inflation to compensate for the lessors' expected inflationary cost increase.

(ii) Finance leases

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in the borrowings or other financial liabilities as appropriate. The outstanding liability is included in other current/ non-current borrowings.
Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

All in INR million, unless stated otherwise

Company as a lessor

(i) Operating leases

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless payments are structured to increase in line with the expected general inflation to compensate for the expected inflationary cost increase. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The respective leased assets are included in the balance sheet based on their nature.

(ii) Finance leases

Amounts due from lessee under finance leases are recorded as receivables at an amount equal to the Company's net investment in the leased assets. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease term.

v) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets, other than inventories and deferred tax assets, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of its fair value less cost of disposal and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the asset. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units or CGU). Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Company's CGUs expected to benefit from the synergies arising from the business combination. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU, pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill recognized in the statement of profit and loss is not reversed in the subsequent period. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of impairment at the end of each reporting period.

w) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders of the Company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period (Note 30).

Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

Diluted Earnings per share amounts are computed by dividing the net profit attributable to the equity holders of the Company (after deducting preference dividends and attributable taxes but after adjusting the after income tax effect of interest and other financing cost associated with dilutive potential equity shares) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as at the beginning of the year, unless issued at a later date. Dilutive potential equity shares are determined independently for each year presented.

x) Cash dividend and non-cash distribution to equity holders of the Company

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the carrying value of the assets to be distributed in case of distributions in which all owners of the same class of equity instruments are treated equally or the distributed asset is ultimately controlled by the same party or parties both before and after the distribution, and at fair value of the assets to be distributed in other cases, with such value recognised directly in equity. For this purpose, a group of individuals shall be regarded as controlling an entity when, as a result of contractual arrangements, they collectively have the power to govern its financial and operating policies so as to obtain benefits from its activities, and that ultimate collective power is not transitory. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss or directly in the equity as approved by the National Company Law Tribunal / applicable regulatory or other authority.

y) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.4 Standards issued but not yet effective

Ind AS 116, Leases: On March 30, 2019, Ministry of Corporate Affairs has notified the Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with the only exceptions as short-term and low-value leases. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8Accounting Policies, Changes in Accounting Estimates and Errors

- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 116 is financial periods beginning on or after April 1, 2019.

The Company will adopt the standard on April 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2019 will not be retrospectively adjusted. The Company is in process of initial assessment of the potential impact on the Balance sheet, statement of profit and loss and cash flows.

Ind AS 12, Income Taxes: On March 30, 2019, Ministry of Corporate Affairs has notified IndAS12 Appendix C, Uncertainty over Income Tax Treatments. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit / (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
The standard permits two possible methods of transition:

- Retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives (Cumulative catch - up approach).

The effective date for adoption of Ind AS 12 Appendix C is financial periods beginning on or after April 1, 2019.

The Company will adopt the standard on April 1, 2019 by using the Cumulative catch - up transition method and accordingly comparatives for the year ending or ended March 31, 2019 will not be retrospectively adjusted. The effect on adoption of Ind AS 12 Appendix C is not expected to be material.

There are no other standards that are issued but not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

3. Significant accounting judgements, estimates and assumptions

Use of estimates and judgment

The preparation of the financial statements in conformity with Ind-AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes.

Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgements

In the process of applying the Company's accounting policies, management has made various judgements, which have the most significant effect on the amounts recognised in the financial statements.

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

Critical estimates and judgements

The areas involving critical estimates or judgements are:

(i) Estimation of current tax expense and payable – Note 7
(ii) Estimated useful life of intangible assets – Note 2.3.d
(iii) Estimation of defined benefit obligation – Note 18
(iv) Recognition of deferred tax assets for carried forward of tax losses – Note 7
(v) Impairment of trade receivables – Note 35
(vi) Classification of leases as operating leases or finance leases – Note 2.3.u

Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. There are no reasonable foreseeable changes in these key estimates which would have caused an impairment of these assets.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer Note 7

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include

the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, and gratuity increases are based on expected future inflation rates.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Intangible asset under development

The Company capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

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All in INR million, unless stated otherwise

4. Property, plant and equipment

Year ended March 31, 2018

Description of Assets	Gross block				Accumulated depreciation				Net Carrying value as at March 31, 2018
	As at April 1, 2017 *	Additions during the year	Sale and adjustments	As at March 31, 2018	As at April 1, 2017	Charge for the year	Sale and adjustments	As at March 31, 2018	
Buildings	4.33	-	-	4.33	-	0.21	-	0.21	4.12
Plant & Machinery	8.99	0.30	-	9.29	-	1.69	-	1.69	7.60
Furniture & Fixture	0.24	-	-	0.24	-	0.07	-	0.07	0.17
Vehicles	1.10	-	0.04	1.06	-	0.33	-	0.33	0.73
Office Equipment	0.54	0.27	-	0.81	-	0.33	-	0.33	0.48
Computer Equipment	0.66	0.38	-	1.04	-	0.52	-	0.52	0.52
Total	**15.86**	**0.95**	**0.04**	**16.77**	**-**	**3.15**	**-**	**3.15**	**13.62**
Capital work in progress	-	-	-	-	-	-	-	-	-
Grand Total	**15.86**	**0.95**	**0.04**	**16.77**	**-**	**3.15**	**-**	**3.15**	**13.62**

Year ended March 31, 2019

Description of Assets	Gross block				Accumulated Depreciation				Net Carrying Value as at March 31, 2019
	As at April 1, 2018	Additions during the year	Sale and adjustments	As at March 31, 2019	As at April 1, 2018	Charge for the year	Sale and adjustments	As at March 31, 2019	
Buildings	4.33	-	-	4.33	0.21	0.20	-	0.41	3.92
Plant & Machinery	9.29	5.89	-	15.18	1.69	1.67	-	3.36	11.82
Furniture & Fixture	0.24	-	-	0.24	0.07	0.03	-	0.10	0.14
Vehicles	1.06	0.31	0.12	1.25	0.33	0.06	0.12	0.27	0.98
Office Equipment	0.81	0.06	-	0.87	0.33	0.20	-	0.53	0.34
Computer Equipment	1.04	0.09	-	1.13	0.52	0.25	-	0.77	0.36
Total	**16.77**	**6.35**	**0.12**	**23.00**	**3.15**	**2.41**	**0.12**	**5.44**	**17.56**
Capital work in progress	-	-	-	-	-	-	-	-	-
Grand Total	**16.77**	**6.35**	**0.12**	**23.00**	**3.15**	**2.41**	**0.12**	**5.44**	**17.56**

**Deemed cost being carrying value of property, plant and equipment measured as per previous GAAP.*

(i) Property, Plant and Equipment pledged as security

Refer Note 14 for information on Property, Plant and Equipment pledged as security by the Company.

(ii) Contractual obligations

Refer note 31 for disclosure on contractual commitments for the acquisition of Property, Plant and Equipment.

All in INR million, unless stated otherwise

5. Investments

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Non-current investments			
Investments in Equity Instruments			
Investments at FVTPL			
Unquoted equity shares (fully paid)			
2,500 equity shares (March 31, 2018: 2,500, April 1, 2017: 2,500) of INR 10/- each fully paid up in Saraswat Cooperative Bank limited	0.03	0.03	0.03
50 equity shares (March 31, 2018: 50, April 1, 2017: 50) of INR 10/- each fully paid up in Citizencredit Cooperative Bank limited	0.00	0.00	0.00
Total investment in equity instruments	**0.03**	**0.03**	**0.03**
Investments in debentures or bonds			
Sahara India Real Estate Corporation Limited	0.15	0.15	0.15
Less : Provision for Impairment of Investment	(0.15)	-	-
Investments in debentures or bonds	**-**	**0.15**	**0.15**
Total non-current investments	**0.03**	**0.18**	**0.18**
Current investments	-	-	-
Total investments	**0.03**	**0.18**	**0.18**
Aggregate book value of quoted investments and market value thereof	-	-	-
Aggregate book value of unquoted investments	0.03	0.18	0.18
Aggregate amount of impairment in value of investments	(0.15)	-	-

Aggregate deemed cost of those investments for which deemed cost as at April 1, 2017 is their Previous GAAP carrying amount is INR 0.18 million.

6. Other financial assets

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Other non-current financial assets			
Security deposits	22.77	71.93	46.83
Margin money in the form of fixed deposits *	1.52	1.48	1.45
Total Other non-current financial assets	**24.29**	**73.41**	**48.28**
Other current financial assets			
Unbilled revenue	29.72	-	-
Security deposits	-	0.03	0.03
Other current financial assets	2.11	0.18	-
Total other current financial assets	**31.83**	**0.21**	**0.03**
Total other financial assets	**56.12**	**73.62**	**48.31**

* Fixed deposits have been pledged as margin money against bank guarantees.

No loans or other advances are due from directors or other officers of the Company either severally or jointly with any other person and from firms or private companies respectively in which any director is a partner, a director or a member, except as disclosed in note 34.

7. Income tax

The major components of income tax expense for the years ended March 31, 2019 and March 31, 2018 are:

Statement of profit and loss:

Profit or loss section:

	March 31, 2019	March 31, 2018
Current income tax:		
Current income tax charge	-	-
Deferred tax:		
Decrease /(increase) in deferred tax assets	(8.51)	(2.64)
Income tax expense reported in the statement of profit or loss	**(8.51)**	**(2.64)**

The Company has accounted for certain benefits under the Income Tax Act, 1961 in the year ended March 31, 2019.

OCI section:

Tax related to items recognised in OCI during the year:

Particulars	March 31, 2019	March 31, 2018
Tax expense/(credit) on remeasurements of defined benefit plans	(1.62)	0.27
Income tax charged to OCI	**(1.62)**	**0.27**

Reconciliation of tax expense and the accounting profit multiplied by the tax rate for March 31, 2018 and March 31, 2019:

Particulars	March 31, 2019	March 31, 2018
Accounting profit before tax from continuing operations	**(56.81)**	**6.37**
Accounting profit before income tax	**(56.81)**	**6.37**
At the statutory income tax rate @ 27.82% (March 31, 2018: 33.063%)	(15.81)	2.11
Change in applicable tax rate for deferred tax assets and liabilities	5.66	-

All in INR million, unless stated otherwise

Particulars	**March 31, 2019**	**March 31, 2018**
Additional temporary tax deductible in respect of certain benefits under the Income Tax Act, 1961 (refer note above)	-	-
Non- Deductible expenses for tax purposes		
Other non-deductible expenses	1.64	1.08
Deferred tax reversed on disallowed service tax	-	(5.83)
Income tax expense reported in the statement of profit and loss	**(8.51)**	**(2.64)**

The applicable statutory tax rate of the Company for financial year ended March 31, 2018 was 33.063% and March 31, 2019 is 27.82%. The effective tax rate applicable to the Company for the financial year 2019-20 would be 27.82%

The balance in deferred tax assets/ (liabilities) comprises temporary differences attributable to:

	March 31, 2019	**March 31, 2018**	**April 1, 2017**
Property, plant and equipment	0.21	0.41	0.24
Defined benefit obligations	23.82	20.59	18.64
Accruals and other	7.63	-	-
Doubtful debts	8.50	14.44	14.44
Loss on sale of investment	5.66	0.26	-
Total deferred tax assets (liabilities)	**45.82**	**35.69**	**33.32**

Reconciliation of deferred tax assets (liabilities), net:

	Property, plant and equipment and investment property	**Defined benefit obligations**	**Accruals and other**	**Doubtful debts**	**Loss on sale of investment**	**Total**
As at April 1, 2017	**0.24**	**18.64**	**-**	**14.44**	**-**	**33.32**
Tax income/(expense) during the period recognised in profit or loss	0.16	2.22	-	-	0.26	**2.64**
Tax income/(expense) during the period recognised in OCI	-	(0.27)	-	-	-	**(0.27)**
As at March 31, 2018	**0.41**	**20.59**	**-**	**14.44**	**0.26**	**35.69**
Tax income/(expense) during the period recognised in profit or loss	(0.20)	1.61	7.63	(5.94)	5.40	**8.51**
Tax income/(expense) during the period recognised in OCI	-	1.62	**-**	**-**	**-**	**1.62**
As at March 31, 2019	**0.21**	**23.82**	**7.63**	**8.50**	**5.66**	**45.82**

Income tax assets:

Particulars	**March 31, 2019**	**March 31, 2018**
Opening balance	20.45	15.48
Add: Taxes paid	14.52	16.98
Less: Refund received	-	12.01
Less: Current tax payable for the year	-	-
Current tax assets	**34.97**	**20.45**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

8. Other Assets

Particulars	**March 31, 2019**	**March 31, 2018**	**April 1, 2017**
Other non-current assets			
Total other non-current assets	**-**	**-**	**-**
Other current assets			
Prepaid expenses	0.06	1.72	0.18
Other advances	4.25	3.83	4.38
Total other current assets	**4.30**	**5.54**	**4.56**
Total other Assets	**4.30**	**5.54**	**4.56**

Other Advances mainly includes advances to employees

9. Inventories

Particulars	**March 31, 2019**	**March 31, 2018**	**April 1, 2017**
Stock-in-trade	3.03	6.53	6.42
Total inventories at the lower of cost and net realisable value	**3.03**	**6.53**	**6.42**

10. Trade receivables

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Trade receivables	234.63	247.80	215.93
Less: Allowance for doubtful debts	30.57	43.67	43.67
Total trade receivables	**204.06**	**204.13**	**172.26**

Break-up of security details:

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Secured, considered good	-	-	-
Unsecured, considered good	204.06	204.13	172.26
Considered doubtful	30.57	43.67	43.67
Total	**234.63**	**247.80**	**215.93**
Impairment Allowance (allowance for bad and doubtful debts)	30.57	43.67	43.67
Total Trade receivables	**204.06**	**204.13**	**172.26**

No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person and from firms or private companies respectively in which any director is a partner, a director or a member, except as disclosed in note 34.

Refer Note 35 for the Company's policy regarding impairment allowance on trade receivables and Company's credit risk management processes.

For outstanding balances, terms and conditions relating to related party receivables refer Note 34.

11. Cash and bank balances

Cash and cash equivalents

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Balances with banks:			
– On current accounts	36.60	15.28	16.82
– Bank deposits with original maturity of three months	-	-	-
Cash on hand	0.02	9.06	6.39
	36.62	**24.34**	**23.21**

Cash-on-hand and bank balances lying in various current accounts bear no interest.
There are no repatriation restrictions with regard to cash and cash equivalents as at the end of reporting period and prior periods.

12. Equity Share capital

Authorized share capital

Equity shares of INR 10 each authorised	(Nos. in million)	(INR million)
At April 1, 2017	1.00	10.00
Increase/(decrease) during the year	-	-
At March 31, 2018	**1.00**	**10.00**
Increase/(decrease) during the year	-	-
At March 31, 2019	**1.00**	**10.00**

Issued, subscribed and paid up equity capital

Equity shares of INR 10 each issued	(Nos. in million)	(INR million)
At April 1, 2017	1.00	10.00
Increase/(decrease) during the year	-	-
At March 31, 2018	**1.00**	**10.00**
Increase/(decrease) during the year	-	-
At March 31, 2019	**1.00**	**10.00**

Shares held by holding / ultimate holding Company / and/or their subsidiaries/associates
Out of the equity shares issued by the Company, shares held by its holding company are as below:

	March 31, 2019	March 31, 2018	April 1, 2017
Holding Company	**No. of shares**	**No. of shares**	**No. of shares**
Security and Intelligence Services (India) Limited, Holding Company	800,000	Nil	Nil

Terms/rights attached to equity shares
The Company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share and to participate in dividends in proportion to the number of and amounts paid on the shares held. The Company declares and pays dividends in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

All in INR million, unless stated otherwise

Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	No. in million	% holding in the class	No. in million	% holding in the class	No. in million	% holding in the class
Ammin Umer Rajqotwala	0.10	10%	0.45	45%	0.45	45%
Myron John Remedios	0.10	10%	0.42	42%	0.42	42%
Aqilla Ammin Rajqotwala	-	-	0.05	5%	0.05	5%
Gitanjali Myron Remedios	-	-	0.08	8%	0.08	8%
Security and Intelligence Services (India) Limited, Holding Company	0.80	80%	-	-	-	-

13. Other equity

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Reserves and surplus			
General reserve	5.00	5.00	5.00
Retained earnings	(85.50)	(32.98)	(42.55)
Total reserves and surplus	**(80.50)**	**(27.98)**	**(37.55)**
Other reserves			
Equity component of compound financial instruments	100.00	-	-
Total other reserves	**100.00**	**-**	**-**
Total other equity	**19.50**	**(27.98)**	**(37.55)**

General Reserve

At April 1, 2017	**5.00**
Less: Capitalisation on issue of bonus shares	-
At March 31, 2018	**5.00**
Add:	-
Less: Capitalisation on issue of bonus shares	-
At March 31, 2019	**5.00**

Retained earnings

At April 1, 2017	**(42.55)**
Add: Net Profit (Loss) for the year	9.01
Add: Items of Other Comprehensive Income recognised directly in retained earnings	
- Remeasurements of post-employment benefit plans directly in retained earnings	0.56
At March 31, 2018	**(32.98)**
Add: Net Profit (Loss) for the year	(48.30)
Add: Items of Other Comprehensive Income recognised directly in retained earnings	
- Remeasurements of post-employment benefit plans directly in retained earnings	(4.21)
At March 31, 2019	**(85.50)**

Equity component of compound financial instruments

At April 1, 2017	**-**
Change during the year	-
At March 31, 2018	-
Add: Equity component of compounded financial instrument convertible into equity	100.00
At March 31, 2019	**100.00**

Nature and purpose of Reserves

General Reserve

The general reserve is the result of a company's transferring a certain amount of profit from the account of retained earnings to the general reserve account. The purpose of setting up a general reserve account is to meet potential future unknown liabilities. In other words, the general reserve is a free reserves which can be utilized for any purpose after fulfilling certain conditions.

Retained earnings

Retained earnings represent the amount of accumulated earnings of the Company and re-measurement differences on defined benefit plans.

14. Borrowings

Particulars	Refer note below	March 31, 2019	March 31, 2018	April 1, 2017
Non-current Borrowings				
Secured				
Term Loans		-	-	-
From other parties		-	-	-
- Vehicle Loan from others	a	0.59	0.30	0.64
Total secured borrowings		**0.59**	**0.30**	**0.64**
Unsecured				

All in INR million, unless stated otherwise

Particulars	Refer note below	March 31, 2019	March 31, 2018	April 1, 2017
Term Loans		-	-	-
Total unsecured borrowings		-	-	-
Total non-current borrowings		**0.59**	**0.30**	**0.64**
Less: Current maturity of long term loans		0.31	0.18	0.30
Non-current borrowings (as per balance sheet)		**0.28**	**0.12**	**0.34**
Current borrowings				
Secured				
Loans repayable on demand				
- Citizen Bank	b	118.60	115.49	115.01
Total secured borrowings		**118.60**	**115.49**	**115.01**
Unsecured				
Loans repayable on demand				
From Banks		-	-	-
From Others				
- Loans and advances from others		2.58	14.07	7.37
Total unsecured borrowings		**2.58**	**14.07**	**7.37**
Total current borrowings		**121.18**	**129.56**	**122.38**
Aggregate Secured borrowings		119.19	115.79	115.65
Aggregate Unsecured borrowings		2.58	14.07	7.37

Notes:
Long Term Borrowings - Secured:
Other loans and advances:

a) Vehicle Loan from Other Financiers are secured by hypothecation of the respective vehicle(s) purchased against the loan taken from that financier(s). The loans carry interest from 10.56% to 11.03% per annum and have various repayment schedules and are scheduled to be repaid by June, 2021.

Short Term Borrowings – Secured:
Loans repayable on demand:

b) Secured by pari passu charge over stocks & book debts (both present and future) and second charge over the immovable property of the company and one property of the promoter shareholders and carries interest @ 12.00% per annum.

15. Trade payables

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Non-current	-	-	-
Current			
Trade payables			
- total outstanding dues of micro enterprises and small enterprises	-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	27.15	18.47	14.50
- due to related parties	10.93	17.73	36.02
Total current trade payables	**38.08**	**36.21**	**50.52**
Total trade payables	**38.08**	**36.21**	**50.52**

The terms and conditions of the above financial liabilities are as follows:

a. Trade payables are non-interest bearing and are normally settled on credit terms ranging from 30-90 days which vary by vendor and type of service.
b. For outstanding balances, terms and conditions with related parties, refer to note 34

Based on the information available with the Company**,** there are no outstanding amount payable to creditors who have been identified as "suppliers" within the meaning of "Micro, Small and Medium Enterprises Development (MSMED) Act, 2006" as at March 31, 2019, March 31, 2018 and April 1, 2017.

16. Other financial liabilities

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Non-current			
Lease rent equalization	0.06	-	-
Total other non-current financial liabilities	**0.06**	**-**	**-**
Current			
Current maturity of long term borrowings (refer note 14)	0.31	0.18	0.30
Employee benefits payable	78.04	34.50	31.01
Other payables and accruals	10.49	-	-
Other current financial liabilities	-	3.17	10.36
Total other current financial liabilities	**88.84**	**37.85**	**41.67**
Total other financial liabilities	**88.90**	**37.85**	**41.67**

All in INR million, unless stated otherwise

17. Financial instruments by category

	March 31, 2019			March 31, 2018			April 1, 2017		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial Assets:									
Investments									
-Equity instruments	0.03	-	-	0.03	-	-	0.03	-	-
-Bonds and debentures	-	-	-	-	-	0.15	-	-	0.15
Trade receivables	-	-	204.06	-	-	204.13	-	-	172.26
Cash and cash equivalents	-	-	36.62	-	-	24.34	-	-	23.21
Security deposits	-	-	22.77	-	-	71.96	-	-	46.86
Other financial assets	-	-	33.35	-	-	1.66	-	-	1.45
Total Financial Assets	**0.03**	**-**	**296.80**	**0.03**	**-**	**302.24**	**0.03**	**-**	**243.93**
Financial Liabilities:									
Trade and other payables	-	-	38.08	-	-	36.21	-	-	50.52
Borrowings	-	-	121.77	-	-	129.86	-	-	123.02
Other financial liabilities	-	-	88.59	-	-	37.67	-	-	41.37
Total Financial Liabilities	**-**	**-**	**248.44**	**-**	**-**	**203.74**	**-**	**-**	**214.91**

Fair value hierarchy

The assets and liabilities measured at fair value on a recurring basis and the basis for that measurement is as below:

	March 31, 2019			March 31, 2018			April 1, 2017		
	Level 1 inputs	Level 2 inputs	Level 3 inputs	Level 1 inputs	Level 2 inputs	Level 3 inputs	Level 1 inputs	Level 2 inputs	Level 3 inputs
Financial Assets:									
Investments carried at fair value through profit and loss	-	-	0.03	-	-	0.03	-	-	0.03
Total Financial Assets	-	-	**-**	-	-	-	-	-	-

Valuation methodologies

Investments:
The Company's investments consist primarily of investment in equity shares of unquoted companies. Management has considered cost to be approximating to fair value considering the immateriality of such investments.

The following table presents the change in Level 3 items for the years ended March 31, 2019, March 31, 2018 and April 1, 2017:

Particulars	Unquoted equity securities
As at April 1, 2017	**0.03**
Change during the year	-
As at March 31, 2018	**0.03**
Change during the year	-
As at March 31, 2019	**0.03**
Unrealised gains/(losses) recognized in profit and loss related to assets and liabilities held at the end of the reporting period:	
March 31, 2018	-
March 31, 2019	-

Fair Values of assets and liabilities carried at amortised costs are as follows:

	March 31, 2019		March 31, 2018		April 1, 2017	
	Carrying Value	Fair Value Level 2 inputs	Carrying Value	Fair Value Level 2 inputs	Carrying Value	Fair Value Level 2 inputs
Financial Assets:						
Investments in debentures or bonds	-	-	0.15	0.15	0.15	0.15
Trade receivables	204.06	204.06	204.13	204.13	172.26	172.26
Cash and cash equivalents	36.62	36.62	24.34	24.34	23.21	23.21
Security deposits	22.77	22.77	71.96	71.96	46.86	46.86
Other financial assets	33.35	33.35	1.66	1.66	1.45	1.45
Total financial assets	**296.80**	**296.80**	**302.24**	**302.24**	**243.93**	**243.93**
Financial Liabilities:						
Trade payables	38.08	38.08	36.21	36.21	50.52	50.52
Borrowings	121.77	121.77	129.86	129.86	123.02	123.02
Other financial liabilities	88.59	88.59	37.67	37.67	41.37	41.37
Total financial liabilities	**248.44**	**248.44**	**203.74**	**203.74**	**214.91**	**214.91**

All in INR million, unless stated otherwise

The Company has assessed that the fair value of cash and short-term deposits, trade receivables, capital creditors, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements.

Particulars	Fair value as at			Significant unobservable inputs
	March 31, 2019	March 31, 2018	April 1, 2017	
Unquoted equity shares	0.03	0.03	0.03	Cost

Valuation processes

The finance department of the Company includes the team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The team reports directly to the chief financial officer of Parent (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every 3 months, in line with the Company's quarterly reporting period. External valuer's assistance is also taken for valuation purposes where required.

The main level 3 inputs used by the Company are derived and evaluated as follows:

- Discounts rate are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risk adjustments specific to the counter parties (including assumptions about credit default rates) are derived from credit risk grading determined by the Company's internal credit management group.
- Volatility used for option pricing model is based on historical volatility of comparable companies.
- Contingent consideration – estimated based on expected cash outflows arising from the forecasted sales and the entities; knowledge of the business and how the current economic environment is likely to impact it.

18. Provisions

Particulars	Gratuity	Leave liabilities	Total
At April 1, 2017			
Current	19.44	14.14	33.58
Non-current	22.80	-	22.80
Total	**42.24**	**14.14**	**56.38**
At March 31, 2018			
Current	23.93	11.08	35.01
Non-current	27.26	-	27.26
Total	**51.19**	**11.08**	**62.27**
At March 31, 2019			
Current	32.16	18.57	50.73
Non-current	34.90	-	34.90
Total	**67.06**	**18.57**	**85.63**

Refer note 26 for details of employee benefits.

19. Other Liabilities

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Other non-current liabilities			
Other current liabilities			
Statutory dues payable	38.93	136.08	75.87
Total other current liabilities	**38.93**	**136.08**	**75.87**
Total other liabilities	**38.93**	**136.08**	**75.87**

20. Government Grants

Particulars	March 31, 2019	March 31, 2018
As at beginning of the year	**-**	**-**
Received during the year	10.84	1.85
Released to the statement of profit and loss	10.84	1.85
As at end of the year	-	-
Current	-	-
Non-current	-	-

The Company is availing of benefits under a government scheme - Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) wherein the Central Government is paying the employer's contribution towards Employee Pension Scheme / Provident Fund in respect of new employees meeting specified criteria. The grant is paid by the Government on a monthly basis on fulfilment of certain conditions. Accordingly, such Government Grant is taken to profit or loss when the conditions are met and the grants are received.

All in INR million, unless stated otherwise

21. Revenue from Operations

Particulars	March 31, 2019	March 31, 2018
Sale of products (traded goods)	-	-
Rendering of services		
Facility management services		
From Housekeeping, Cleaning, Facility operation & management services	902.78	778.97
Other services		
Total rendering of services	**902.78**	**778.97**
Other operating revenues	-	-
Revenue from operations	**902.78**	**778.97**

The Company's revenue is from rendering of services towards housekeeping, cleaning, facility operation & management services and has been recognized over the period of time from the contracts with customers, located in Indian geography.

22. Other income

Particulars	March 31, 2019	March 31, 2018
Interest income from financial assets at amortized cost	0.43	4.03
Total	**0.43**	**4.03**

23. Other gains/losses

Particulars	March 31, 2019	March 31, 2018
Net gain on financial assets mandatorily measured at fair value through profit or loss	0.17	0.27
Other items	0.07	0.06
Total	**0.23**	**0.33**

24. Cost of materials consumed

Particulars	March 31, 2019	March 31, 2018
Purchases of chemicals, consumables, and others	-	-
Uniforms and related inventories	-	-
Cost of materials consumed	**-**	**-**

25. Changes in inventory of Stock-in-Trade

Particulars	March 31, 2019	March 31, 2018
Inventory at the beginning of the year	6.53	6.42
Inventory at the end of the year	3.03	6.53
Changes in inventory of stock-in-trade	**3.51**	**(0.11)**

26. Employee benefits

(a) Employee costs include:

Particulars	March 31, 2019	March 31, 2018
Salaries, wages and bonus	613.04	449.45
Contribution to provident and other funds	69.38	55.26
Less: Government grants (Note 20)	10.84	1.85
Gratuity expense	11.05	9.78
Leave compensation	7.49	(3.06)
Staff welfare expenses	23.45	22.55
Total employee benefit expense	**713.57**	**532.13**

(b) Unfunded Scheme – Leave obligations

Leave obligations cover the Company's liability for sick and earned leave.

The amount of the provision of INR 18.57 million (March 31, 2018: INR 11.08 million, April 1, 2017: INR 14.14 million) included in Note 18 is presented as current, since the Company does not have an unconditional right to defer settlement of any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave within the next 12 months. The following amount reflects leave that is not expected to be taken within the next 12 months:

Particulars	March 31, 2019	March 31, 2018
Current leave obligation not expected to be settled within next 12 months	5.81	5.47

Unfunded Schemes:

Particulars	March 31, 2019	March 31, 2018
Present value of unfunded obligations	18.57	11.08
Expenses to be recognized in the statement of profit and loss	7.49	(3.06)
Discount rate (per annum)	6.70%	6.63%
Salary escalation rate (per annum)	8.00%	8.00%

The liability for earned and sick leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

All in INR million, unless stated otherwise

(c) Defined contribution plans

The Company has certain defined contribution plans.

Contributions are made to provident fund for employees at the rate of 12% of the salary (subject to a limit of INR 15,000 salary per month) as per regulations. The contributions are made to a statutory provident fund administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual or constructive obligations in this regard.

Further, contributions are made in respect of Employees' State Insurance Scheme, for specified employees, at the rate of 4.75% of the gross pay as per regulations. The contributions are towards medical benefits provided by the Government to the employees. The contributions are made to employees' state insurance authorities administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual or constructive obligations in this regard.

Contributions to provident fund and employees' state insurance scheme are recognized as an expense as they become payable which coincides with the period during which relevant employee services are received. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The expense recognised during the period towards defined contribution plans is INR 69.38 million (March 31, 2018: INR 55.26 million).

(d) Defined benefits plans

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The amount of gratuity payable on retirement/ termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied by the number of completed years of service, subject to completion of five years of service and other conditions. The payment of gratuity Act, 1972 has been amended during the previous year to enhance the gratuity ceiling from INR 1.00 million to INR 2.00 million. Gratuity Plan is unfunded plan.

The following tables summarises the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Expenditure to be recognized during the year:

Particulars	March 31, 2019	March 31, 2018
Current service cost	8.45	7.67
Interest cost	2.60	2.11
Total amount recognised in profit or loss	**11.05**	**9.78**
Remeasurements		
Loss / (gain) from changes in financial assumptions	(0.10)	(0.16)
Loss / (gain) from changes in demographic assumptions	5.94	(0.67)
Total loss / (gain) recognised in other comprehensive income	**5.84**	**(0.83)**

Change in present value of defined benefit obligation is summarized below:

Reconciliation of opening and closing balances of Defined Benefit Obligation	March 31, 2019	March 31, 2018
Defined benefit obligation at the beginning of year	**51.19**	**42.24**
Current service cost	8.45	7.67
Interest cost	2.60	2.11
Remeasurements	5.84	(0.83)
Benefits paid	(1.02)	-
Defined benefit obligation at year end	**67.06**	**51.19**

Reconciliation of fair value of Assets and Obligations:

Reconciliation of fair value of Assets and Obligations	March 31, 2019	March 31, 2018	April 1, 2017
Fair value of plan assets	-	-	-
Present value of obligation	67.06	51.19	42.24
Asset / (liability) recognized in balance Sheet	**(67.06)**	**(51.19)**	**(42.24)**

The present value of defined benefit obligation relates to active employees only.

The principal assumptions used in determining gratuity and post-employment benefit obligations for the Company's plans are shown below:

Principal Assumptions:

Principal actuarial assumptions	March 31, 2019	March 31, 2018	April 1, 2017
Discount rate	6.70%	6.60%	6.49%
Future salary increase			
- Non-billing / indirect employees	8%	8%	8%
- Billing /direct employees	8%	8%	8%
- Life expectancy	0%	0%	0%
Attrition rate			
Billing employees			
- Age from 21-30 years	50%	50%	50%
- 31-34	50%	50%	50%
- 35-40	50%	50%	50%
- 41-45	50%	50%	50%
- 46-50	50%	50%	50%
- 51 and above	50%	50%	50%
Non billing employees			

All in INR million, unless stated otherwise

Principal actuarial assumptions	March 31, 2019	March 31, 2018	April 1, 2017
- Age from 21-30 years	15%	15%	15%
- 31-40	15%	15%	15%
- 41-50	15%	15%	15%
- 51 & above	15%	15%	15%

A quantitative sensitivity analysis for significant assumption as at March 31, 2019 is as shown below:

Assumptions	Discount rate		Future salary increases	
Sensitivity level	**0.5% increase**	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
Impact on defined benefit obligation				
31-Mar-18	(1.08%)	1.11%	1.09%	(1.07%)
31-Mar-19	(1.06%)	1.09%	1.07%	(1.05%)

The above sensitivity analysis are based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Risk Exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are market volatility, changes in inflation, changes in interest rates, rising longevity, changing economic environment and regulatory changes.

The Company has selected a suitable insurer to manage the funds in such a manner as to ensure that the investment positions are managed with an asset-liability matching framework that has been developed to achieve investments which are in line with the obligations under the employee benefit plans. Within this framework, the asset-liability matching objective is to match assets to the obligations by investing in securities to match the benefit payments as they fall due.

The insurer, on behalf of the Company, actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that failure of any single investment should not have a material impact on the overall level of assets.

Defined benefit liability and employer contributions

The weighted average duration of the post-employment benefit plan obligations is 2.15 years (March 31, 2018 – 2.18 years). The expected maturity analysis of undiscounted gratuity benefits is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 Years	Total
March 31, 2019	3.22	1.85	2.11	0.68	**7.86**
March 31, 2018	2.39	1.42	1.66	0.53	**6.00**
April 1, 2017	1.94	1.12	1.41	0.49	**4.97**

27. Finance costs

Particulars	March 31, 2019	March 31, 2018
Interest and finance charges on financial liabilities not at fair value through profit or loss	6.67	4.01
Bank charges and other finance costs	13.44	14.95
Finance costs expensed in profit or loss	**20.11**	**18.96**

28. Depreciation and amortization expense

Particulars	March 31, 2019	March 31, 2018
Depreciation on property, plant and equipment (Note 4)	2.41	3.15
Total depreciation and amortisation expense	**2.41**	**3.15**

29. Other expenses

Particulars	March 31, 2019	March 31, 2018
Other Direct Operating Cost	78.80	112.20
Selling expenses	0.45	0.16
Administrative expenses:		
-Travelling and conveyance	9.30	8.95
-Stationary and printing	1.14	1.03
-Rent	11.97	10.07
-Rates & taxes	0.15	0.32
-Insurance	1.58	1.98
-Repairs and maintenance:		
- Machinery	0.57	0.72
- Others	4.52	4.75
-Vehicle hire charges	0.58	0.51
-Payments to auditors (Refer details below)	0.30	0.25
-Legal and professional fees	25.25	21.87
-Bad and doubtful debts provided/written off	30.57	0.22
-Other administration and general expenses	18.61	27.45
Total	**183.78**	**190.48**

Payment to Auditors

Particulars	March 31, 2019	March 31, 2018
As auditor:		
Audit fee (including limited review)	0.20	0.15
Taxation matters	0.10	0.10
In other capacity:		
Other services (certification fees)	-	-
Total payment to auditors	**0.30**	**0.25**

30. Earnings per share (EPS)

A reconciliation of profit for the year and equity shares used in the computation of basic and diluted earnings per equity share is set out below:

Particulars	March 31, 2019	March 31, 2018
Profit attributable to equity holders of the Parent		
Continuing operations	(48.30)	9.01
Profit attributable to equity holders of the Parent for basic earnings	(48.30)	9.01
Interest on optionally convertible loan (net of tax)	-	-
Profit attributable to equity holders of the Company adjusted for the effect of dilution	(48.30)	9.01
Weighted average number of Equity shares for basic EPS	1,000,000.00	1,000,000.00
Effect of dilution:		
Conversion of optional convertible loan (Nos.)		
Weighted average number of Equity shares adjusted for the effect of dilution	1,000,000.00	1,000,000.00
Nominal value of equity shares (INR)	10.00	10.00
Earnings per share		
- Basic (INR)	(48.30)	9.01
- Diluted (INR)	(48.30)	9.01

31. Commitments and contingencies

(a) Leases

Operating lease commitments — Company as lessee

Operating lease arrangements comprise of office premises. There are no minimum lease payments due under the existing lease agreements.

Particulars	March 31, 2019	March 31, 2018
Minimum Lease Payments:		
- Not later than one year	Nil	Nil
- Later than one year but not later than five years	Nil	Nil
- Later than five years	Nil	Nil

Rental expenses relating to operating leases

Particulars	March 31, 2019	March 31, 2018
Total rental expenses relating to operating leases	11.97	10.07

(b) Contingent liabilities

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Contingent liability	Nil	Nil	Nil
	Nil	**Nil**	**Nil**

The Company records a liability when it is both probable that a loss has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. The Company reviews these provisions periodically and adjusts these provisions accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. The Company believes that the amount or estimable range of reasonably possible loss, will not, either individually or in the aggregate, have a material adverse effect on its business, financial position, results of the Company, or cash flows with respect to loss contingencies for legal and other contingencies as at March 31, 2019.

32. Events occurring after the Balance Sheet date

There were no other significant events that occurred after the balance sheet date.

33. Operating segment

Particulars	March 31, 2019	March 31, 2018
Revenue from facility management services	902.78	778.97
EBIDTA from facility management services	(34.95)	24.12

The Company is required to disclose segment information based on the 'management approach' as defined in Ind AS 108- Operating Segments, which in how the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on the analysis of the various performance indicators. In the case of the Company, the CODM reviews the results of the Company as a whole as the Company is primarily engaged in the business of rendering facility management services in India. Accordingly, the Company is a single CGU, hence single segment Company. The information as required under Ind AS 108 is available directly from the financial statements, hence no separate disclosures have been made.

All in INR million, unless stated otherwise

34. Related party transactions

Names of related parties

Holding company	M/s. Security & Intelligence Services India Limited
Fellow subsidiary	M/s. Dusters Total Solutions Services Pvt Ltd
Key Management Personnel and their relatives	Mr. Ammin Umer Rajqotwala Mrs. Gitanjali Myron Remedios Mr. Myron John Remedios Mrs. Aqilla Rajqotwala (up to October 31, 2018) Mrs. Regina Remedios (up to October 31, 2018) Mr. Umer Rajkotwala (up to October 31, 2018) Mrs. Khadija Rajkotwala (up to October 31, 2018) Mr. Dhiraj Singh (from November 14, 2018) Mr. Devesh Desai (from November 14, 2018) Mr. Brajesh Kumar (from November 14, 2018) Mr. Edward Ambrose Dsouza (from March 20, 2019)
Enterprises owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Company	M/s. Apple Tree International Pvt. Ltd. M/s. Proklean M/s. Proserv M/s. S.S. Hospitality Pvt. Ltd. M/s. HRXL 360 Pvt. Ltd. M/s. Profoods (up to October 31, 2018) M/s. Rank One Services (up to October 31, 2018) M/s. Best Housekeeping (up to October 31, 2018)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Holding company	Fellow subsidiary	Key management personnel and their relatives	Enterprises owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Company	Total
Transactions during the year						
Loans given	Mar-19	-	-	5.72	0.17	5.89
	Mar-18	-	-	7.19	-	7.19
Service charges / Expenses paid	Mar-19	0.05	0.21	1.16	90.98	92.40
	Mar-18	-	-	4.07	111.39	115.46
Salary & remuneration paid	Mar-19	-	-	5.81	-	5.81
	Mar-18	-	-	6.65	-	6.65
Interest paid	Mar-19	-	-	-	-	-
	Mar-18	-	-	1.41	-	1.41
Rent paid	Mar-19	-	-	1.38	-	1.38
	Mar-18	-	-	1.80	-	1.80
Equity / Share Investments	Mar-19	100.00	-	-	-	100.00
	Mar-18	-	-	-	-	-

Balances outstanding at end of the year						
Loans and advances to related party	Mar-19	-	-	2.55	0.35	2.90
	Mar-18	-	-	-	0.18	0.18
Loans and advances from related party	Mar-19	-	-	-	-	-
	Mar-18	-	-	3.17	-	3.17
Equity / Share Investments	Mar-19	108.00	-	2.00	-	110.00
	Mar-18	-	-	9.50	-	9.50

Terms and conditions of transactions with related parties
Transactions relating to dividends paid subscription for new equity shares were on the same terms and conditions that applied to other shareholders.

The sales to and purchases from, related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances at the year-end are unsecured and carry interest equivalent to market rate, where specified, in terms of the transactions, and settlement occurs in cash. For the year ended March 31, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: INR Nil, April 1, 2017: INR Nil million). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

35. Financial risk management

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support the financing of the operations of its subsidiaries, joint ventures and associates. The Company's principal financial assets include trade and other receivables, cash and cash equivalents that derive directly from its operations, loans, security and other deposits.

The Company's operations expose it to market risk, credit risk and liquidity risk. The Company's focus is to reduce volatility in financial statements while maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises currency risk and interest rate risk. Financial instruments affected by market risk include loans and borrowings, loans and deposits given, FVTOCI investments and derivative financial instruments.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates which arises from assets and liabilities denominated in currencies other than the functional currency of the respective entities and foreign currency revenue and cash flows. The Company's exposure to the risk of changes in foreign currency exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries. The Company has limited foreign currency transactions and has limited exposure to foreign currency assets and liabilities resulting in the foreign currency risk being low.
The exchange rate between the Indian Rupee and foreign currencies has fluctuated in recent years and may continue to do so in the future. Consequently, the results of the Company's operations may be affected as the Indian Rupee appreciates/depreciates against these currencies.

There are no foreign currency denominated financial assets and financial liabilities as at March 31, 2019, March 31, 2018 and April 1, 2017.

Interest rate risk

Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Variable rate borrowings:			
- Cash credit	118.60	115.49	115.01
- Loans	2.58	14.07	7.37
Fixed rate borrowings			
-Vehicle loan	0.59	0.30	0.64
Total borrowings	**121.77**	**129.86**	**123.02**

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind-AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Interest rates - increase by 25 basis points *	0.30	0.32	0.31
Interest rates - decrease by 25 basis points *	(0.30)	(0.32)	(0.31)

*Holding all other variables constant

Credit risk

Credit risk arises from the possibility that counterparties may not be able to settle their obligations as agreed resulting in a financial loss. The primary exposure to credit risk arises from Trade receivables and Unbilled revenue amounting to INR 204.06 million and INR 29.72 million respectively as at March 31, 2019 (INR 204.13 million and INR Nil million respectively as at March 31, 2018 and INR 172.26 million and Nil respectively as at April 1, 2017). These are unsecured and are managed by the Company through a system of periodically assessing the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivables. Two customers accounted for more than 10% of the accounts receivable as of March 31, 2019 and March 31, 2018 and revenues for the year ended March 31, 2019 and March 31, 2018. There is no significant concentration of credit risk. The Company uses the ECL method to assess the loss allowance for Trade receivables and Unbilled revenue taking into account primarily the historical trends and analysis of bad debts. The company does not expect any credit risk or impairment in respect of amounts lent to its subsidiaries, associates and joint ventures, if any.
The credit risk for financial assets other than bank balances and trade receivables are considered low.

Significant estimates and judgements

Impairment of financial assets

The impairment provision for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history and existing market conditions. The company estimates loss arising on trade receivables as a percentage of sales based on past trends and such loss is directly debited to revenue instead of creating a provision for impairment of receivables.

All in INR million, unless stated otherwise

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Surplus funds are invested in bank fixed deposits or used to temporarily reduce the balance of cash credit accounts to optimize interest costs.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The Company consistently generates sufficient cash flows from operations and has access to multiple sources of funding to meet its financial obligations and maintain adequate liquidity for use.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, shareholder equity, and finance leases.

Approximately 53% of the Company's long-term debt will mature in less than one year at March 31, 2019 (March 31, 2018: 60%, April 1, 2017: 47%) based on the carrying value of borrowings reflected in the financial statements. The Company has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and significant portion of short-term debt maturing within 12 months can be rolled over with existing lenders. The Company believes that it has sufficient working capital and cash accruals to meet its business requirements and other obligations.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Year ended March 31, 2019

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade and other payables	-	38.08	-	-	-	**38.08**
Borrowings	118.60	-	2.89	0.28	-	**121.77**
Other financial liabilities	-	88.90	-	-	-	**88.90**

Year ended March 31, 2018

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade and other payables	-	36.21	-	-	-	**36.21**
Borrowings	115.49	-	14.25	0.12	-	**129.86**
Other financial liabilities	-	37.85	-	-	-	**37.85**

Year ended April 1, 2017

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade and other payables	-	50.52	-	-	-	**50.52**
Borrowings	115.01	-	7.67	0.34	-	**123.02**
Other financial liabilities	-	41.67	-	-	-	**41.67**

As a matter of policy, the Company does not carry out any hedging activities.
There have been no default in servicing borrowings and/ or breaches in loan covenants.

The entity has the following financial assets which are subject to the impairment requirements of Ind AS 109. On assessment of the future cash flows arising from these assets, the Company believes that there is no provision required to be made for impairment losses on these assets.

Particulars	March 31, 2019	March 31, 2018	March 31, 2017
Financial Assets:			
Investments in equity instruments	0.03	0.03	0.03
Total Financial Assets	**0.03**	**0.03**	**0.03**

36. Additional capital disclosures

For the purpose of the Company's capital management, capital includes issued equity capital, share premium, all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise shareholder value and support its strategies and operating requirements. The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with a focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements for the Company's operations are generally met through operating cash flows generated and supplemented by long-term and working capital borrowings from banks.

The Company's objectives when managing capital are to:

a) safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
b) Maintain an optimal capital structure to optimise the cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants to which it is subject. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is Net Debt divided by EBITDA. The Company defines Net Debt as borrowings less cash and cash equivalents, excluding discontinued operations, but including bank balances and deposits irrespective of their duration / maturity.

Particulars	March 31, 2019	March 31, 2018
Borrowings (Note 14)	121.46	129.68
Current portion of long term debt (Note 14)	0.31	0.18
Less: Cash and cash equivalents (Note 11), other bank balances and deposits (including margin money)	36.62	24.34
Net Debt	**85.15**	**105.52**
EBITDA	**(34.95)**	**24.12**
Gearing ratio	(2.44)	4.37

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it simultaneously meets financial covenants attached to its borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowing in the current period.

Dividends

The Company declares and pays dividends in Indian rupees. According to the Companies Act, 2013 any dividend should be declared out of accumulated distributable profits. A Company may, before the declaration of any dividend, transfer a percentage of its profits for that financial year as it may consider appropriate to the reserves.

The Company has not declared or paid any dividend in the previous financial year.

37. Going concern

The Company has incurred net cash losses during the financial year ended March 31, 2019 and earned net cash profit in the immediately preceding financial year. The assets of the Company exceed the liabilities and, therefore, there are enough tangible and realisable assets to enable the Company to continue its operations uninterrupted. The Company also continues to get access to external borrowing sources which is supplemented by borrowings from its shareholders. Due to the excess of realisable assets over liabilities and the access to continued funding, the Company is confident of meetings its obligations over the next twelve months and, therefore, the financial statements have been prepared on a going concern basis.

38. First-time adoption of Ind-AS

These financial statements, for the year ended March 31, 2019, are the first the Company has prepared in accordance with Ind-AS. For all periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with Previous GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), read together with paragraph 7 of the Companies (Accounts) Rules, 2014, amended from time to time. The date of transition to Ind-AS is April 1, 2017.

Accordingly, the Company has prepared financial statements which comply with Ind-AS applicable for periods ended March 31, 2019, together with the comparative period data as at and for the year ended March 31, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2017, the Company's date of transition to Ind-AS. Ind-AS 101 requires that all Ind-AS standards that are effective for the first Ind-AS Financial Statements be applied consistently and retrospectively for all periods presented. This note explains the principal adjustments made by the Company in restating its Previous GAAP financial statements, including the balance sheet as at April 1, 2017 and the financial statements as at and for the year ended March 31, 2018.

Exemptions applied

Ind-AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind-AS.

The Company has applied the following exemptions:

Optional exemptions from retrospective application

a. A first-time adopter may opt to continue with the carrying value for all of its Property, plant and equipment (PPE), investment properties and intangible assets as recognised in its Previous GAAP financial statements as deemed cost at the transition date. However, it makes necessary adjustments for decommissioning liabilities to be included in the carrying value of PPE. If a first-time adopter opts to use the Previous GAAP carrying values as deemed cost at the transition date for all its PPE, investment property or intangible assets, the fact and the accounting policy will be disclosed by the entity. This disclosure is required in the entity's first Ind-AS financial statements and will continue for financial statements of subsequent years also until those items of PPE, investment properties or intangible assets, as the case may be, are significantly depreciated, impaired or derecognised from the entity's balance sheet. The Company has used this exemption to measure all its property, plant and equipment, investment property and intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition.

b. A first-time adopter may opt to continue with the carrying value for all of its investments in subsidiaries, joint ventures and associates as recognised in its Previous GAAP financial as deemed cost at the transition date. The Company has used this exemption to measure all its investments in subsidiaries, joint ventures and associates at the Previous GAAP carrying amount as its deemed cost on the date of transition.

c. Appendix C to Ind-AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind-AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind-AS 101 exemptions, and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

Mandatory Exemptions from retrospective application:

Estimates

The estimates at April 1, 2017 and at March 31, 2018 are consistent with those made for the same dates in accordance with Previous GAAP (after adjustments to reflect any differences in accounting policies)

Classification and measurement of financial assets

Financial assets have been classified and measured on the basis of facts and circumstances existing on April 1, 2017.

Derecognition of financial assets

The Company has applied the exemption available under Ind-AS 101 to apply the derecognition criteria under Ind-AS 109 prospectively for transactions occurring on or after April 1, 2017.

All in INR million, unless stated otherwise

Reconciliations

The following reconciliations provide the effect of transition to Ind-AS from Previous GAAP in accordance with Ind-AS 101:

1. Total equity as at April 1, 2017 and March 31, 2018; and
2. Total comprehensive income for the year ended March 31, 2018.

Reconciliations of Total equity between Ind-AS and Previous GAAP are given below:

Nature of Adjustment	As at	As at
	April 1, 2017	March 31, 2018
Total equity as per Previous GAAP	**59.51**	**67.28**
Expected Credit Losses	(44.34)	(44.34)
Depreciation and amortization	0.15	(0.40)
Gratuity and leave encashment provisioning as per acturial report	(56.38)	(62.27)
Deferred tax impact of Ind-AS adoption	13.50	21.74
Total equity as per Ind AS	**(27.55)**	**(17.98)**

Reconciliations of Total comprehensive income between Ind-AS and Previous GAAP are given below:

Nature of adjustment	Year ended March 31, 2018
Net Profit as per Previous GAAP	**7.77**
Employee benefit expenses – Actuarial gain and loss on long term defined benefits plan reclassified as OCI (net of taxes)	(0.83)
Gratuity and leave encashment provisioning as per actuarial report	(5.89)
Depreciation and amortization expenses	(0.55)
Deferred tax impact of Ind-AS adoption	8.52
Net Profit as per Ind-AS (A)	**9.01**
Other comprehensive Income (net of tax) (B)	0.56
Total comprehensive income as reported under Ind-AS (A+B)	**9.57**

Footnotes to the reconciliation of Total equity as at April 1, 2017 and March 31, 2018 and statement of profit or loss for the year ended March 31, 2018

a. Trade receivables

Under Previous GAAP, the Company has created provision for impairment of receivables consisting only in respect of specific amount for incurred losses. Under Ind-AS, impairment allowance has been determined based on Expected Credit Loss (ECL) model. Due to the implementation of the ECL model, the Company impaired its trade receivable by INR 44.34 million on April 1, 2017 which has been adjusted against retained earnings on that date.

b. Defined benefit obligation

Both under Previous GAAP and Ind-AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind-AS, remeasurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus, the employee benefit cost for the year ended March 31, 2018 has increased by INR 5.89 million and re-measurement gain / loss on defined benefit plan net of related deferred taxes of INR 1.62 million has been recognized in the retained earnings through OCI.

c. Property, plant and equipment

The Company has elected to measure all items of property, plant and equipment at deemed cost at the date of transition to Ind-AS.

d. Deferred tax

Previous GAAP required deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Previous GAAP.

In addition, the various transitional adjustments lead to different temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. On the date of transition, the net impact on deferred tax asset is of INR 13.50 million (March 31, 2018: 21.74 million) with consequent impact on retained earnings (and net profit for the year ended March 31, 2018).

e. Other comprehensive income

Under Previous GAAP, the Company did not recognise other comprehensive income (OCI) separately. Hence, it has reconciled Previous GAAP profit or loss to profit or loss as per Ind-AS. Further, Previous GAAP profit or loss is reconciled to total comprehensive income as per Ind-AS.

All in INR million, unless stated otherwise

f. Statement of cash flows

The transition from Previous GAAP to Ind-AS has not had a material impact on the statement of cash flows.

As per our report on even date

FOR M/S A P & Co.
Chartered Accountants
(Firm's Registration. No. 100040W)

For and on behalf of the Board

Ashok H. Mehta
(Partner)
M. No.: 037686

Ammin Rajqotwala
Director
DIN: 00508037

Dhiraj Singh
Director
DIN: 00066899

Place: Mumbai
Date: April 30, 2019