A. MITRA & ASSOCIATES
CHARTERED ACCOUNTANTS

OFFICE:
514, ASHIANA TOWER
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Independent Auditors' Report

To The Members of TERMINIX SIS INDIA PRIVATE LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **TERMINIX SIS INDIA PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018 and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, 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 Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

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

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

We draw attention to Note No. 34 to the Standalone Ind AS financial statements, which indicates that the Company has incurred net cash losses of INR 42,036 (INR 000s) in the current financial year and INR 39,376 (INR 000s) in the immediately preceding financial year. The net worth of the Company, though, continues to be positive and the assets of the Company exceed the liabilities as at the balance sheet date by INR 69,144 (INR 000s). These conditions may cast doubt about the Company's ability to continue as a going concern. However, the Standalone Ind AS financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

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 Flows dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with relevant rules issued thereunder.
   e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

A. MITRA & ASSOCIATES CHARTERED ACCOUNTANTS FRN. 005258C * PATNA *

A. MITRA & ASSOCIATES
CHARTERED ACCOUNTANTS

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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 Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 in its Standalone Ind AS financial statements;
   ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
   iii. There was no amount required 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 the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For A. Mitra & Associates
Chartered Accountants
(Firm Regn.No. 5268/C)

AK Mitra

A. MITRA & ASSOCIATES CHARTERED ACCOUNTANTS FRN. 005268C * PATNA *

CA A.K. Mitra
(Partner)
Membership No.- 15230
Place: New Delhi
Date: May 8, 2018

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ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of TERMINIX SIS INDIA PRIVATE LIMITED ("the Company") as of March 31, 2018 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial 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' judgment, 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.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For A. Mitra & Associates
Chartered Accountants
(Firm Regn.No. 5268/C)

AK. Mitra

A. MITRA & ASSOCIATES CHARTERED ACCOUNTANTS FRN. 005268C PATNA

CA A.K. Mitra
(Partner)
Membership No.- 15230
Place: New Delhi
Date: May 8, 2018

A. MITRA & ASSOCIATES
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ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our report of even date, of the Auditors to the members of TERMINIX SIS INDIA PRIVATE LIMITED on the accounts for the year ended March 31, 2018)

1. **In respect of the Company's fixed assets:**
   a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
   b) These fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noted on such verification and if so, the same have been properly dealt with in the books of accounts.
   c) According to the information and explanation given to us, and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

2. **In respect of the Company's inventories:**
   a) As explained to us, inventories have been physically verified by the management at regular intervals during the year. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
   b) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records. 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. The Company has not given any loans to companies listed in the Register maintained under Section 189 of the Companies Act.

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, as 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 thereunder 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. According to the information and explanations given to us, in respect of statutory dues:
   a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
   b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
   c) There were no amounts under dispute in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty and Cess.

8. The provisions of Clause 3 (viii) of the Companies (Auditor's Report) Order 2016 are not applicable to the company for the year ended as on March 31, 2018.

9. a) The company has not raised new term loans during the year.
   b) The Company did not raise any money by way of initial public offer/further public offer (including debt instruments) and accordingly, paragraph 3 (ix) of the Order is not applicable.

10. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

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

12. 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 2013 Act where applicable and the details have been disclosed in the financial statements as required by the accounting standards.

13. 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 issued optionally convertible debentures amounting to INR 50 million during the year. The company has not made any Preferential allotment or private placement of shares.

14. 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 and accordingly, paragraph 3 (xv) of the Order is not applicable.

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

For A. Mitra & Associates
Chartered Accountants
(Firm Regn.No. 5268/C)

AK. Mitra

CA A.K. Mitra
(Partner)
Membership No.- 15230
Place: New Delhi
Date: May 8, 2018

A. MITRA & ASSOCIATES CHARTERED ACCOUNTANTS FRN. 005268C PATNA

All in INR thousands except share data

Balance Sheet as at March 31, 2018

		Note No.	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
A	**ASSETS**				
	Non – Current Assets				
	Property, Plant and Equipment	4	3,164	2,310	2,591
	Other Intangible Assets	5	2,499	0	0
	Intangible assets under development	5	0	3,649	0
	Financial Assets				
	(i) Others	6	4,761	4,520	2,839
	Deferred tax assets (net)	7	66,764	2,043	1,856
	Income tax Assets	7	2,179	2,184	2,368
	Total Non – Current Assets		**79,367**	**14,706**	**9,654**
	Current Assets				
	Inventories	9	2,677	2,877	1,854
	Financial Assets				
	(i) Trade Receivables	10	35,455	29,193	15,825
	(ii) Cash and Cash Equivalents	11	2,743	2,133	38,286
	(iii) Other financial assets	6	2352	0	449
	Other Current Assets	8	5,090	1,908	1,906
	Total Current Assets		**48,317**	**36,111**	**58,320**
	Total Assets		**1,27,684**	**50,817**	**67,974**
B	**EQUITY AND LIABILITIES**				
	Equity				
	Equity share capital	12	225,000	225,000	225,000
	Other Equity	13	(197,607)	(217,288)	(175,584)
	Equity attributable to owners		**27,393**	**7,712**	**49,416**
	Total Equity		**27,393**	**7,712**	**49,416**
	Liabilities				
	Non – Current Liabilities				
	Financial Liabilities				
	(i) Borrowings	14	47,411	0	0
	(ii) Other Financial Liabilities	16	130	99	118
	Provisions	18	2,488	1,713	1,279
	Total Non- Current liabilities		**50,029**	**1,812**	**1,397**
	Current Liabilities				
	Financial Liabilities				
	(i) Trade Payables	15	12,634	7,716	2,451
	(ii) Other current financial liabilities	16	14,669	4,595	5,515
	Other Current Liabilities	19	21,530	27,264	7,979
	Provisions	18	1,429	1,718	1,216
	Total Current Liabilities		**50,262**	**41,293**	**17,161**
	Total Liabilities		**100,291**	**43,105**	**18,558**
	Total Equity and Liabilities		**127,684**	**50,817**	**67,974**

Note: The above standalone balance sheet should be read in conjunction with the accompanying notes.

For A. Mitra & Associates
Chartered Accountants
(Firm Regn.No. 5268/C)

A.K. Mitra

A. MITRA & ASSOCIATES CHARTERED ACCOUNTANTS FRN. 005268C PATNA

CA A. K. Mitra
(Partner)
Membership No. 015230
Place: New Delhi
Date: May 8, 2018

For and on behalf of the board of directors

R.K. Sinha

Ravindra Kishore Sinha
Director
(DIN: 00945635)

RSinha

Rituraj Kishore Sinha
Director
(DIN: 00477256)

All in INR thousands except share data

Statement of Profit and Loss for the year ended March 31, 2018

	Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
1	**Income**			
	a) Revenue from Operations	21	123,965	75,484
	b) Other Income	22	919	1,186
	Total Income (a + b)		**124,884**	**76,670**
2	**Expenses**			
	a) Cost of materials consumed	23	20,213	14,064
	b) Employee benefits expense	24	108,558	77,139
	c) Finance costs	25	4,862	154
	d) Depreciation and amortization expenses	26	3,641	1,628
	e) Other expenses	27	35,405	25,634
	Total expenses (a + b + c + d + e)		**172,679**	**118,619**
3	**Profit before tax (1-2)**	7	**(47,795)**	**(41,949)**
4	**Tax Expense**			
	Current tax		0	0
	Deferred tax		(65,407)	(140)
	Total Tax expense		**(65,407)**	**(140)**
5	**Profit for the period (3 -4)**		**17,612**	**(41,809)**
6	**Other Comprehensive income**			
	Items that will be reclassified to profit or loss		0.00	0.00
	Items that will not be reclassified to profit or loss			
	a) Re-measurement of Defined benefits plan		359	150
	b) Income tax relating to these items		-92	-45
	Other Comprehensive income for the period (net of taxes)		**267**	**105**
7	**Total Comprehensive income for the period (6 + 7)**		**17,879**	**(41,704)**
8	Earnings Per Share (EPS) Face Value Rs 10 per share	28		
	(a) Basic (INR)		0.78	(1.86)
	(b) Diluted (INR)		0.66	(1.86)
9	Weighted average equity shares used in computing earnings per equity shares			
	(a) Basic (No.s)		2,25,00,000	2,25,00,000
	(b) Diluted (No.s)		2,66,66,667	2,25,00,000

Note: The above standalone statement of Profit & Loss should be read in conjunction with the accompanying notes.

For A. Mitra & Associates
Chartered Accountants
(Firm Regn.No. 5268/C)

A.K. Mitra

A. MITRA & ASSOCIATES CHARTERED ACCOUNTANTS FRN. 005268C PATNA

CA A. K. Mitra
(Partner)
Membership No. 015230
Place: New Delhi
Date: May 8, 2018

For and on behalf of the board of directors

R K Sinha

Ravindra Kishore Sinha
Director
(DIN: 00945635)

RSinha

Rituraj Kishore Sinha
Director
(DIN: 00477256)

All in INR thousands except share data

Statement of Change in Equity

A. Equity Share Capital

Particulars	Amounts
As at April 01, 2016	**225,000**
Changes in equity share capital	**0**
As at March 31, 2017	**225,000**
Changes in equity share capital	**0**
As at March 31, 2018	**225,000**

For details refer Note 12

B. Other Equity

FY 16-17

	Equity Component of Compounded financial * Instrument	Reserves and Surplus	Total Other Equity
		Retained earnings	
As at April 1, 2016	**0**	**(1,75,584)**	**(1,75,584)**
Other comprehensive income	0	105	**105**
Add: Net Profit (Loss) for the year	0	(41,809)	**(41,809)**
Total comprehensive income for the year	**0**	**(41,704)**	**(41,704)**
At 31 March, 2017	**0**	**(2,17,288)**	**(2,17,288)**

FY 17-18

	Equity Component of Compounded financial Instrument	Reserves and Surplus	Total Other Equity
		Retained earnings	
As at April 1, 2017	**0**	**(2,17,288)**	**(2,17,288)**
Other comprehensive income	0	267	267
Add: Net Profit (Loss) for the year	0	17,612	17,612
Total comprehensive income for the year	**0**	**17,879**	**17,879**
Add: Transferred From Guarantee/Borrowings	1,801	0	**1,801**
At 31 March, 2018	**1,801**	**(1,99,409)**	**(1,97,607)**

Notes: The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

For A. Mitra & Associates
Chartered Accountants
(Firm Regn. No. 5268/C)

CA A. K. Mitra
(Partner)
Membership No. 015230
Place: New Delhi
Date: May 8, 2018

A. MITRA & ASSOCIATES CHARTERED ACCOUNTANTS FRN. 005268C PATNA

For and on behalf of the board of directors

Ravindra Kishore Sinha
Director
(DIN: 00945635)

Rituraj Kishore Sinha
Director
(DIN: 00477256)

All in INR thousands except share data

Statement of Cash Flows for the year ended March 31, 2018

	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before taxation	(47,795)	(41,949)
	Adjusted for:		
	Depreciation and Amortization expenses	3,641	1,628
	Unrealised Foreign exchange gain (-) / loss	0	0
	Net gain (-) /loss on sale of fixed assets	0	0
	Finance Costs	4,693	21
	Interest income classified as investing cash flows	(919)	(1,186)
	Bad debts written off/provided	2,287	2,100
	Preliminary/Pre-operative expenses written off	0	2
	Employee stock option compensation expense	1,264	0
	Operating profit/(loss) before working capital changes	(36,829)	(39,384)
	Movement in working capital:		
	Decrease / (increase) in Trade receivables	(8,549)	(15,468)
	Decrease / (increase) in Inventories	200	(1,024)
	Decrease / (increase) in other current assets	(1,536)	(2)
	Decrease / (increase) in other current financial assets	(2,352)	0
	(Decrease) / increase in Trade payables	4,918	5,265
	(Decrease) / increase in provisions	4,150	844
	(Decrease) / increase in other current liabilities	(6,997)	19,285
	(Decrease) / increase in other current financial liabilities	5,836	(770)
		(4,330)	8,131
	Decrease / (increase) in other non-current financial assets	(241)	(1,681)
	(Decrease) / increase in other non-current financial liabilities	31	(19)
	Cash (used in)/generated from operations	(41,370)	(32,956)
	Direct tax paid including fringe benefit tax (net of refunds)	(1,490)	183
	Net cash inflow (outflow) from operating activities	**(42,860)**	**(32,773)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of property plant and equipment and changes in capital work in progress	(6,994)	(4,995)
	Interest received	919	1,635
	Net cash outflow from investing activities	**(6,075)**	**(3,359)**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Bonds/debentures issued	50,000	0
	Interest paid	(455)	(21)
	Net cash inflow (outflow) from financing activities	**49,545**	**(21)**
D	**Net increase/ (decrease) in cash and cash equivalents (A+B+C)**	610	(36,153)
E	Cash and cash equivalents at the beginning of the period	2,133	38,286
F	**Cash and cash equivalents at the end of the period (D+E)**	**2,743**	**2,133**

Reconciliation of cash and cash equivalents as per the cash flow statement		
Cash and cash equivalents as per above comprise of the following	**March 31, 2018**	**March 31, 2017**
Cash and cash equivalents	2,743	2,133
Closing cash credit	0	0
Closing bank overdrafts	0	0
Balances per statement of cash flows	**2,743**	**2,133**

Note: The above standalone cash flow statement should be read in conjunction with the accompanying notes.

For A. Mitra & Associates
Chartered Accountants
(Firm Regn.No. 5268/C)

A.K. Mitra

CA A. K. Mitra
(Partner)
Membership No. 015230
Place: New Delhi
Date: May 8, 2018

A. MITRA & ASSOCIATES CHARTERED ACCOUNTANTS FRN. 005268C PATNA

For and on behalf of the board of directors

R.K. Sinha

Ravindra Kishore Sinha
Director
(DIN: 00945635)

R.S. Sinha

Rituraj Kishore Sinha
Director
(DIN: 00477256)

Notes to the financial statements

1. Company overview

Terminix SIS India Private Limited ("the Company") is a company limited by shares, incorporated and domiciled in India. The Company is engaged in Pest Control Management Services (PCM). The Company was incorporated on September 27, 2011 as a Private Limited Company. Its registered office is situated at
Annapurna Bhawan
Telephone Exchange Road
Kurji
Patna, Bihar – 800010, India
and it's principal place of business is situated at
Plot No. 11, 3rd Floor, DDA Community Center,
Okhla Phase-I,
New Delhi-110020, India

The financial statements are presented in Indian national Rupees (INR) rounded off to nearest thousands except share and per share data, unless otherwise stated. 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.
These financial statements were authorized for issue by the directors on May 08, 2018.

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 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.

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 date of transition to Ind-AS is April 1, 2016. These financial statements for the year ended March 31, 2018 are the first financial statements the Company has prepared in accordance with Ind-AS. Refer note 35 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.

For 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.

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 as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- 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:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- 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

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 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 book value only if 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 for the year during which such expenses are incurred.

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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 01, 2016 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.

Depreciation

The Company depreciates property, plant and equipment over the estimated useful life on a 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 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. Leasehold improvements are amortized over the shorter of estimated useful life of the asset or the related lease term. Freehold land is not depreciated.

Category	Useful life
Plant and machinery	3 years
Computers	3 years
Furniture and fixtures	10 years
Office Equipment	10 years
Vehicles	10 years

The useful lives as given above best represent the period over which the management expects to use these assets based on technical assessment. 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 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 included in the income statement when the asset is derecognised.

e) **Intangible assets**

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.

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 01, 2016 measured as per the Previous GAAP and use that carrying value as 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 straight line method basis 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. 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	3 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 payroll-related costs of employees' time spent on the project.

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d) Investment in subsidiaries, associates and joint ventures

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

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 over 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 unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

Investments in subsidiaries, associates and joint ventures is accounted for at cost. 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 01, 2016 measured as per the Previous GAAP and used that carrying value as the deemed cost of investments in subsidiaries, associates and joint ventures.

e) 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 the purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- 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:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows and

(b) 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.

This category is the most relevant to the Company. 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 17.

Financial instrument at FVTOCI

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

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well 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 Instrument 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 at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, 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-AS103 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.

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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 Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:
- The rights to receive cash flows from the asset have expired, or
- 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. 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 loans and 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 FVTPL
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 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 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.

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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. 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.

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 determines change 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.

f) 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.

g) 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.
The current income tax is a charge 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 for financial reporting purposes 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 and, 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

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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 and, 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.

h) **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:

Chemicals and Consumables: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

i) **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 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.

j) **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. 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.

k) **Contributed Equity**

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.

l) **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.

m) **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.

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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, 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.

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.

Provisions 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 written down 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 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 and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are shown as reduction of expenses in profit or loss 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 disclosed 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.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue is recognized as follows:

Revenue from services

Represents the amounts receivable for services rendered.

(i) For non-contract-based business, revenue represents the value of goods delivered or services performed.
(ii) 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 provided.
(iii) Unbilled revenue 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.
(iv) Unearned revenue represents revenue billed but for which services have not yet been not yet been performed and is included under Advances from customers. The same is released to the profit and loss account as and when the services are rendered.

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Sale of goods

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. 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 recognizes normal warranty provisions for general repairs for one year on all its products sold, in line with the industry practices. A liability is recognized at the time the product is sold. Revenue is deferred and recognized 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 the 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 terms unless payments are structured to increase in line with the expected general inflation to compensate for the lessors' 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 national Rupee (INR) which is also the Company's functional currencyi.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 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 of exchange at the reporting date.

Differences arising on settlement or translation 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. 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).

r) Employee Benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefit sand 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 other payables and accruals.

Bonus

The Company recognises a liability and an expense for bonus. 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. The expected cost of accumulating compensated absences is determined by actuarial valuation (using the projected unit credit method) based on

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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. Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred.

The obligations are presented as current liabilities in the balance sheets 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:

(a) Defined contribution plans such as provident fund and employees' state insurance; and

(b) Defined benefit plans such as gratuity.

Defined Contribution Plan

The Company contributes on a defined contribution basis for eligible employees, to Employee's 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. The liability 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. The defined benefit is actuarially 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 at the end of the reporting periods on government bonds that have terms approximating to the terms of the related obligation.

The net interest is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in the employee benefit expense in the statement of profit and loss.

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 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

Remeasurements, comprising of actuarial gains and losses, 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.

s) **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 benefit expense with a corresponding increase in equity.

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, 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.

t) **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 to the parent company.

u) **Borrowing costs**

Borrowing costs include interest calculated on the effective interest rate method basis, 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 qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, 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 period in which they are incurred.

v) 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.

For arrangements entered into prior to April 01, 2016, the Company has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

(a) *Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as 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 unless payments are structured to increase in line with the expected general inflation to compensate for the lessors' expected inflationary cost increase.

(b) *Finance leases*

Leases where the lessor has passed substantially all the risks and rewards of ownership are classified as 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 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.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as 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/

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. 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.

w) 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 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 assessing impairment, 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.

x) 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 28).

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.

y) 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, 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

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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.

z) Recently issued accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the consolidated financial statements and the impact is not material.

Ind AS 115, Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Along with the issuance of Ind AS 115, Revenue from contract with customers, the Ministry of Company Affairs has also notified consequential amendments to various other Indian Accounting Standards.
The standard permits two possible methods of transition:

(i) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
(ii) 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 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 and consequential amendments to various other Indian Accounting Standards is not expected to be material.

Ind AS 40, Investment Property: On March 28, 2018, Ministry of Corporate Affairs has notified amendments to Ind AS 40, Investment Property. The amendments relate to clarifications in respect of transfer of a property to, or from, investment property, apart from other changes consequential to notification of Ind AS 115, revenue from contracts with Customers.

This amendment will come into force from April 1, 2018. The Group has evaluated the effect of this on the consolidated financial statements and the impact is not material.

"Ind AS 28, Investments in Associates and Joint Ventures: On March 28, 2018, Ministry of Corporate Affairs has notified amendments to Ind AS 28, Investments in Associates and Joint Ventures. The amendment clarifies accounting options in consolidated financial statements of a venture capital or similar entity and investment entity. These amendments are not applicable financial statements of the Company."

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:

- Estimation of current tax expense and payable - Note 7
- Estimated useful life of intangible assets - Note 2.3 (c)
- Estimation of defined benefit obligation – Note 24
- Recognition of deferred tax assets for carried forward of tax losses – Note 7
- Impairment of trade receivables – Note 32
- Classification of leases as operating leases or finance leases - Note 2.3 (v)

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All in INR thousands except share data

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.

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.

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 assets 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. At March 31, 2018, the carrying amount of capitalised development costs was INR NIL (March 31, 2017: INR 3,649, April 01, 2016: NIL).

4. **Property, plant and equipment**

2016-17

Description of Assets	Gross Block				Depreciation				Net Book Value As at March 31, 2017
	As at April 01, 2016*	Additions during the year	Sale and adjustments	As at March 31, 2017	Up to March 31, 2016	For the year	Sale and adjustments	Up to March 31, 2017	
Plant & Machinery	708	1,058	0	1,766	0	773	0	773	993
Furniture & Fixture	823	0	0	823	0	326	0	326	497
Vehicles	460	0	0	460	0	102	0	102	358
Office Equipment	145	0	0	145	0	61	0	61	84
Computer Equipment	455	288	0	743	0	365	0	365	378
Grand Total	**2,591**	**1,346**	**0**	**3,937**	0	**1,627**	**0**	**1,627**	**2,310**

* Deemed cost being the carrying value of Property, Plant and Equipment as per previous GAAP.

2017-18

Description of Assets	Gross Block				Depreciation				Net Book Value As at March 31, 2018
	As at April 01, 2017	Additions during the year	Sale and adjustments	As at March 31, 2018	Up to March 31, 2017	For the year	Sale and adjustments	Up to March 31, 2018	
Plant & Machinery	1,766	1,628	0	3,394	773	1,348	0	2,121	1,273
Furniture & Fixture	823	374	0	1,197	326	117	0	443	754
Vehicles	460	208	0	668	102	99	0	201	467
Office Equipment	145	135	0	280	61	52	0	113	167
Computer Equipment	743	901	0	1,645	365	775	0	1,140	504
Grand Total	**3,937**	**3,246**	**0**	**7,183**	**1,627**	**2,391**	**0**	**4,018**	**3,164**

Note : There are no assets under construction or commitments for acquisition of assets as at March 31, 2018, March 31, 2017 or April 1, 2016

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All in INR thousands except share data

5. Intangible assets

2016-17

Description of Assets	Gross Block				Depreciation				Net Book Value
	As at April 01, 2016*	Additions	Sale and adjustments	As at March 31, 2017	Up to March 31, 2016	For the year	Sale and adjustments	As at March 31, 2017	As at March 31, 2017
Intangible Assets under development	0	3,649	0	3,649	0	0	0	0	3,649
Grand Total	0	**3,649**	**0**	**3,649**	**0**	**0**	**0**	**0**	3,649

	Gross Block				Depreciation				Net Book Value
Description of Assets	**As at April 01, 2016***	**Additions**	**Sale and adjustments**	**As at March 31, 2017**	**Up to March 31, 2016**	**For the year**	**Sale and adjustments**	**As at March 31, 2017**	**As at March 31, 2017**
Intangible Assets under development	0	3,649	0	3,649	0	0	0	0	3649
Grand Total	0	**3649**	**0**	**3649**	**0**	**0**	**0**	**0**	3649

* Deemed cost being the carrying value of Intangible assets as per previous GAAP

2017-18

Description of Assets	Gross Block				Depreciation				Net Book Value
	As at April 01, 2017*	Additions	Sale and adjustments	As at March 31, 2017	Up to March 31, 2017	For the year	Sale and adjustments	As at March 31, 2018	As at March 31, 2018
Computer Software *	0	3,748	0	3,748	0	1,249	0	1,249	2,499
Intangible Assets under development	3,649	0	3,649	0	0	0	0	0	0
Grand Total	**3,649**	**3,748**	**0**	**3,748**	**0**	**1,249**	**0**	**1,249**	**2,499**

* Computer software consists of purchased software licenses and implementation costs of Enterprise Resource Planning (ERP) software.
Intangible Assets under development consists of implementation costs of Enterprise Resource Planning (ERP) software under progress
** Commitment for acquisition of Intangible Assets – (March 31, 2017: NIL, April 1 2016: NIL)

6. Other financial assets

Particulars	March 31, 2018	March 31, 2017	April 01, 2016
Other non-current financial assets			
Security Deposits	4,761	4,520	2,839
Total Other non-current financial assets	**4,761**	**4,520**	**2,839**
Other current financial assets			
Unbilled revenue	2,352	0	0
Interest accrued on deposits	0	0	449
Total Other Current financial assets	**2,352**	**0**	**449**
Total Other financial assets	**7,113**	**4,520**	**3,288**

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7. Income tax

The major components of income tax expense for the years ended March 31, 2018 and March 31, 2017 are:

Statement of profit and loss:

Profit or loss section:

	March 31, 2018	March 31, 2017
Current income tax:		
Current income tax charge	0	0
Adjustments in respect of current income tax of previous year	0	0
Deferred tax:		
Decrease /(increase) in deferred tax assets	(65,407)	(140)
(Decrease)/ increase in deferred tax liabilities	0	0
Income tax expense reported in the statement of profit or loss	**(65,407)**	**(140)**

OCI section:

Tax related to items recognised in OCI during n the year

Particulars	March 31, 2018	March 31, 2017
Net loss/(gain) on re-measurements of defined benefit plans	(95)	(61)
Income tax charged to OCI	(95)	(61)

Amount recognized directly in equity

Particulars	March31,2018	March 31, 2017
Aggregate current and deferred tax arising in the reporting period and not recognized in profit or loss or other comprehensive income, but directly debited/credited to equity	(497)	0
Income tax charged/(credited) to equity	(497)	0

Reconciliation of tax expense and the accounting profit multiplied by the tax rate for March 31, 2017 and March 31, 2018:

	March 31, 2018	March 31, 2017
Accounting profit before tax from continuing operations	(47,795)	(41,949)
Accounting profit before income tax	(47,795)	(41,949)
At the statutory income tax rate of 25.75% (March 31, 2017: 30.90%)	(12,307)	(12,962)
Change in applicable tax rate for deferred tax assets and liabilities	(730)	
Creation of deferred tax on previously unrecognized tax losses	(52,370)	*0*
Unrecognized tax losses	0	12,962
Income tax expense reported in the statement of profit and loss	(65,407)	(140)

The applicable statutory tax rate of the Company for financial year ended March 31, 2017 and March 31, 2018 is 30.09% and 25.75% respectively. Union Budget 2018 has increased the tax rate and the effective tax rate applicable to the Company for the financial year 2018-19 would be 26%.

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

	March 31, 2018	March 31, 2017	April 01, 2016
Property, plant and equipment and investment property	857	1,004	1,105
Intangible assets	(97)	0	0
Defined benefit obligations	564	509	412
Leave Liability	580	478	339
Accruals and other	-497	52	0
Business loss	65,357	0	0
Total deferred tax assets (liabilities)	66,764	2,043	1,856

Reflected in the balance sheet as follows:

	March 31, 2018	March 31, 2017	April 01, 2016
Deferred tax assets	66,764	2,043	1,856
Deferred tax assets /(liabilities), net	66,764	2,043	1,856

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Reconciliation of deferred tax assets (liabilities), net	Property, plant and equipment and investment property	Intangible assets	Defined benefit obligations	Leave Liability	Accruals and other	Business Loss	Total
As at April 01, 2016	**1,105**	**0**	**412**	**339**	**0**	**0**	**1,856**
Tax income/(expense) during the period recognised in profit or loss	(101)	0	142	139	(320)	0	(140)
Tax income/(expense) during the period recognised in OCI	0	0	(45)	0	0	0	(45)
Amount recognised directly in equity	0	0	0	0	372	0	372
As at March 31, 2017	**1,004**	**0**	**509**	**478**	**52**	**0**	**2,043**
Tax income/(expense) during the period recognised in profit or loss	(147)	(97)	147	102	44	65,357	65,406
Tax income/(expense) during the period recognised in OCI	0	0	-92	0	0	0	-92
Amount recognised directly in equity	0	0	0	0	(593)	0	(593)
As at March 31, 2018	**857**	**(97)**	**564**	**580**	**(497)**	**65,357**	**66,764**

Reconciliation of deferred tax assets (liabilities), net:

Income tax assets:

	March 31, 2018	March 31, 2017
Opening balance	2,184	2,368
Add: Tax paid during the year/tax deducted by customers	1,118	1,182
Less: Refund	1,123	1,366
Current tax assets	**2,179**	**2,184**

8. Other Assets

	March 31, 2018	March 31, 2017	April 01, 2016
Other advances	68	85	720
Prepaid expenses	2,166	1,823	1,186
Service Tax/VAT/GST recoverable	2,856	0	0
Total other current assets	**5,090**	**1,908**	**1,906**
Total Other Assets	**5,090**	**1,908**	**1,906**

9. Inventories

	March 31, 2018	March 31, 2017	April 01, 2016
Chemicals and consumables	2,677	2,877	1,854
Total inventories at the lower of cost and net realisable value	**2,677**	**2,877**	**1,854**

Note : None of the inventories are carried at net realizable value as at March 31, 2018, March 31, 2017 and April 1, 2016

10. Trade receivables

	March 31, 2018	March 31, 2017	April 01, 2016
Trade Receivables	36,147	26,428	17,137
Receivables from related parties (Note 31)	2,420	7,725	1,548
Less: Allowance for doubtful debts	3,112	4,960	2,860
Total trade receivables	**35,455**	**29,193**	**15,825**

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Break-up of security details:

	March 31, 2018	March 31, 2017	April 01, 2016
Secured, considered good	0	0	0
Unsecured, considered good	35,455	29,193	15,825
Doubtful	3,112	4,960	2,860
Total	38,567	34,153	18,685
Impairment Allowance (allowance for bad and doubtful debts)	3,112	4,960	2,860
Total Trade receivables	**35,455**	**29,193**	**15,825**

Refer note 32 for the Company's policy regarding impairment allowance on trade receivables.
For terms and conditions relating to related party receivables, refer Note 31.

11. Cash and bank balances

Cash and cash equivalents

	March 31, 2018	March 31, 2017	April 01, 2016
Balances with banks:			
- On current accounts	2,587	1,631	0
- Deposits with original maturity of less than three months	0	0	37,832
Cash in hand	156	502	454
Total	**2,743**	**2,133**	**38,286**

Cash-in-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.

Specified Bank Notes (SBNs)

During the year ended March 31, 2017, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016. The details of SBNs and other notes as per the notification is given below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	272	41	313
Add: Permitted receipts	0	210	210
Less: Permitted payments	0	130	130
Less: Amount deposited in Banks	272	24	296
Closing cash in hand as on December 30, 2016	**0**	97	97

For the purposes of this clause, the term "Specified Bank Notes" shall have the same meaning as provided in the notification of the Government of India, Ministry of Finance, Department of Economic affairs number S.O. 3407(E), dated November 08, 2016.

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12. Equity Share capital

Authorised share capital

Equity shares of INR 10 each authorised	(No. in thousand)	(INR thousand)
At April 01, 2016	22,500	225,000
Increase/(decrease) during the year	0	0
At March 31, 2017	22,500	225,000
Increase/(decrease) during the year	0	0
At March 31, 2018	22,500	225,000

Issued equity capital

Equity shares of INR 10 each issued	(No. in thousand)	(INR thousand)
At April 01, 2016	22,500	2,25,000
Issue of shares	0	0
At March 31, 2017	22,500	2,25,000
Issue of shares	0	0
At March 31, 2018	22,500	2,25,000

Subscribed and paid up equity capital

Equity shares of INR 10 each subscribed and fully paid	(No. in thousand)	(INR thousand)
Subscribed share capital as at April 01, 2016	22,500	2,25,000
Less: Forfeited equity shares *	0	0
Subscribed and paid up share capital as at April 1, 2016	22,500	2,25,000
Exercise of options – proceeds received	0	0
Issue of bonus shares	0	0
Other issue of shares	0	0
At March 31, 2017	22,500	2,25,000
Exercise of options – proceeds received	0	0
Public Issue of Shares	0	0
Other issue of shares	0	0
At March 31, 2018	22,500	2,25,000

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 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.

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, ultimate holding company and their subsidiaries/associates are as below:

	March 31, 2018	March 31, 2017	April 01, 2016
Security and Intelligence Services (India) Limited, holding company	11,252.25	11,252.25	11,252.25
11,252.25 thousand (March 31, 2017: 11,252.25 thousand) equity shares			

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

Name of the shareholder	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. in thousand	% holding in the class	No. in thousand	% holding in the class	No. in thousand	% holding in the class
Security and Intelligence Services (India) Limited	11,252.25	50.01%	11,252.25	50.01%	11,252.25	50.01%
SVM Services (Singapore) Pte Ltd	11,247.75	49.99%	11,247.75	49.99%	11,247.75	49.99%

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13. *Other equity*

	March 31, 2018	March 31, 2017	April 01, 2016
Reserves and Surplus			
Retained earnings	(199,409)	(217,288)	(175,584)
Total reserves and surplus	**(199,409)**	**(217,288)**	**(175,584)**
Other Reserves			
Equity component of compounded financial instruments	1,801	0	0
Total Other Equity	**(197,607)**	**(217,288)**	**(175,584)**

Retained earnings

At April 01, 2016	**(175,584)**
Add: Net Profit (Loss) for the year	(41,809)
Add: Items of Other Comprehensive Income recognised directly in retained earnings	0
- Remeasurements of post-employment benefit plans directly in retained earnings	105
At March 31, 2017	**(217,288)**
Add: Net Profit (Loss) for the year	17,612
Add: Items of Other Comprehensive Income recognised directly in retained earnings	0
- Remeasurements of post-employment benefit plans directly in retained earnings	267
At March 31, 2018	**(199,409)**

Equity component of compounded financial instrument

At April 01, 2016	**0**
Transferred from Guarantee/borrowings	0
At March 31, 2017	**0**
Transferred from Guarantee/borrowings	1,801
At March 31, 2018	**1801**

14. *Borrowings*

	Note No.	March 31, 2018	March 31, 2017	April 01, 2016
Non-Current Borrowings				
Unsecured				
Bonds/ Debentures				
Liability Component of Compound Financial Instrument	a	47,411	0	0
Total Non-Current Borrowings		47,411	0	0

Notes:

a) Service Master Clean Limited have subscribed to 5,00,000 optionally convertible debentures (OCDs) of Rs.100/- each on May 31, 2017. The OCDs are for a term of 5 years bearing an interest rate of 12%. In the event the free cash flows of the Company in any financial year, prior to maturity period of 5 years, exceed the future business requirement as agreed by both the parties, SMC may, at its discretion, require redemption of such number of OCDs as such excess free cash flow permit.

The OCD's are convertible into equity shares at par at any time at the option of Service Master Clean Limited. Since the OCD's contain a conversion option, these are treated as compound financial instruments and accordingly have been split into equity component and liability component at the time of issue of such OCD's.

15. Trade payables

Particulars	March 31, 2018	March 31, 2017	April 01, 2016
Current			
- Trade payables – Others	12,634	7,716	2,451
- Related parties	0	0	0
Total current trade payables	12,634	7,716	2,451
Total trade payables	**12,634**	**7,716**	**2,451**

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

- 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.
- For terms and conditions with related parties, refer to note 31

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, 2018, March 31, 2017 and April 01, 2016.

For explanations on the Company's credit risk management process. (refer to note 32)

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16. Other financial liabilities

	March 31, 2018	March 31, 2017	April 01, 2016
Non-current			
Lease rent equalization	130	99	118
Total non-current other financial liabilities	**130**	**99**	**118**
Current			
Interest accrued and due on borrowings	4,238	0	0
Employee benefits payable	10,431	4,595	5,515
Total current other financial liabilities	**14,669**	**4,595**	**5,515**
Total other financial liabilities	**14,799**	**4,694**	**5,633**

17. Financial instruments by category

	March 31, 2018			March 31, 2017			April 01, 2016		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets:									
Trade receivables	0	0	35,455	0	0	29,193	0	0	15,825
Loans	0	0	0	0	0	0	0	0	0
Cash and cash equivalents	0	0	2,743	0	0	2,133	0	0	38,286
Security deposits	0	0	4,761	0	0	4,520	0	0	2,839
Other financial assets	0	0	2,352	0	0	0	0	0	449
Total Financial Assets	**0**	**0**	**45,311**	**0**	**0**	**35,846**	**0**	**0**	**57,399**
Financial Liabilities:	0	0		0	0		0	0	
Trade and other payables	0	0	12,634	0	0	7,716	0	0	2,451
Borrowings	0	0	47,411	0	0	0	0	0	0
Other financial liabilities	0	0	14,799	0	0	4,694	0	0	5,633
Total Financial Liabilities	**0**	**0**	**74,844**	**0**	**0**	**12,410**	**0**	**0**	**8,084**

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

	March 31, 2018		March 31, 2017		April 01, 2016	
	Carrying Value	Fair Value Level 3 inputs	Carrying Value	Fair Value Level 3 inputs	Carrying Value	Fair Value Level 3 inputs
Financial Assets:						
Trade receivables	35,455	35,455	29,193	29,193	15,825	15,825
Loans	0	0	0	0	0	0
Cash and cash equivalents	2,743	2,743	2,133	2,133	38,286	38,286
Security deposits	4,761	4,761	4,520	4,520	2,839	2,839
Other financial assets	2,352	2,352	0	0	449	449
Total Financial Assets	**45,311**	**45,311**	**35,846**	**35,846**	**57,399**	**57,399**
Financial Liabilities:						
Trade and other payables	12,634	12,634	7,716	7,716	2,451	2,451
Borrowings	47,411	53,200	0	0	0	0
Other financial liabilities	14,799	14,799	4,694	4,694	5,633	5,633
Total Financial Liabilities	**74,844**	**80,633**	**12,410**	**12,410**	**8,084**	**8,084**

The Company assessed that 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 processes

The finance department of the Company includes our team that performs the valuations of financial assets and liabilities required for financial reporting purposes. Including level 3 fair values. These team reports directly to the Chief Financial Officer (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.

The main level 3 inputs for unlisted optionally convertible debentures used by the group 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 risk 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.

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18. Provisions

	Gratuity	Leave liabilities	Total
At April 01, 2016			
Current	89	1,127	1,216
Non-current	1,279	0	1,279
Total	**1,368**	**1,127**	**2,495**
At March 31, 2017			
Current	128	1,590	1,718
Non-current	1,713	0	1,713
Total	**1,841**	**1,590**	**3,431**
At March 31, 2018			
Current	209	1,220	1,429
Non-current	2,488	0	2,488
Total	**2,697**	**1,220**	**3,917**

19. Other liabilities

	March 31, 2018	March 31, 2017	April 01, 2016
Other current liabilities			
Advances received from customers	2,538	7,974	1,580
Statutory dues payable	1,452	2,320	900
Others	17,540	16,970	5,499
Total other current liabilities	**21,530**	**27,264**	**7,979**
Total other liabilities	**21,530**	**27,264**	**7,979**

20. Government grants

	March 31, 2018	March 31, 2017	April 01, 2016
As at April 01,2017	0	0	0
Received during the year	478	0	0
Released to the statement of profit and loss	478	0	0
As at March 31,2018	0	0	0
Current	0	0	0
Non-current	0	0	0

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 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.

21. Revenue from operations

	March 31, 2018	March 31, 2017
Rendering of services		
From pest control services	1,23,470	75,484
Total rendering of services	1,23,470	75,484
Other operating revenues	495	0
Total	**1,23,965**	**75,484**

22. Other income

Particulars	March 31, 2018	March 31, 2017
Interest Income from financial assets at amortised cost	919	1,186
	919	**1,186**

23. Cost of materials consumed

	March 31, 2018	March 31, 2017
Inventory of Chemicals and Consumables, and Others at the beginning of the year	2,877	1,854
Add: Purchases of Chemicals and Consumables, and Others	20,013	15,087
Less: Inventory of Chemicals and Consumables and Others at the end of the year	2,677	2,877
Cost of materials consumed	**20,213**	**14,064**

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24. Employee benefits expense

(a) Employee costs include:

	March 31, 2018	March 31, 2017
Salaries, wages and bonus	95,722	68,140
Contribution to provident and other funds	7,771	6,774
Less: Government grants (Note 20)	478	0
Employee share-based payment expense	1,264	0
Gratuity expense	856	463
Leave Compensation	0	473
Staff welfare expenses	2,467	1,289
Other expenses	0	0
Total employee benefit expense	**1,08,558**	**77,139**

(b) Unfunded Scheme – Leave obligations

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

The amount of the provision of INR 1,220 March 31, 2018, INR 1,590 March 31, 2017, INR 1,127 and April 01, 2016 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:

	March 31, 2018	March 31, 2017	April 01, 2016
Current leave obligation not expected to be settled within next 12 months	948	1,256	887

Unfunded Schemes:

	As at March 31, 2018	As at March 31, 2017
Present Value of unfunded obligations	1,220	1,590
Expenses to be recognized in the statement of Profit and Loss	(370)	463
Discount Rate (Per Annum)	7.40%	6.55%
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.

(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) 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 obligation in this regard.

Further contributions are made in respect of Employees' State Insurance Scheme 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 obligation 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 7,771 (March 31, 2017 –INR 6,774).

(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 years of service.

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

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Expenditure to be recognized during the period:

Expenditure to be recognized during the period	As at March 31, 2018	As at March 31, 2017
Current Service Cost	920	631
Past Service Cost	178	0
Interest Cost	116	98
Total amount recognised in profit or loss	**1,214**	**729**
Remeasurements		
Gain/Loss from demographic assumptions	0	0
gain (loss) from changes in financial assumptions	(148)	121
Experience gain (loss)	(210)	(272)
Total amount recognised in other comprehensive income	**(358)**	**(151)**

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

Reconciliation of opening and closing balances of Defined Benefit Obligation	As at March 31, 2018	As at March 31, 2017
Benefit obligation at the beginning of year	1,840	1,368
Current Service Cost	920	631
Past Service Cost	178	0
Interest Cost	116	98
Remeasurements	(358)	(151)
Benefits paid	0	(106)
Defined Benefit obligation at year end recognized in balance sheet	**2,696**	**1,840**

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	As at March 31, 2018	As at March 31, 2017
Discount Rate	7.20%	6.55%
Future salary Increase		
- Non-Billing / indirect employees	8.00%	8.00%
- Billing /direct employees	5.00%	5.00%
- Life expectancy		
Attrition rate		
Billing/ Non Billing Employees		
- Age from 21-30 years	15%	15%
- 31-40	13%	13%
- 41-50	11%	11%
- 51 & above	9%	9%

A quantitative sensitivity analysis for significant assumption as at March 31, 2018 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				
March 31, 2018	(3.97%)	4.27%	3.47%	(3.31%)
March 31, 2017	(3.91%)	4.19%	3.61%	(3.45%)

The above sensitivity analyses 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.

Defined benefit liability and employer contributions
Expected contributions to post employment benefit plan for the year ending March 31, 2019 are 209
The weighted average duration of the post-employment benefit plan obligations is 8.09 years (March 31, 2017 – 8.35 years. The expected maturity analysis of undiscounted gratuity benefits is as follows:

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 Years	Total
March 31, 2018					
Defined benefit obligations (gratuity)	209	256	904	4,239	5,608
March 31, 2017					
Defined benefit obligations (gratuity)	175	218	781	3,488	4,663

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25. Finance costs

	March 31, 2018	March 31, 2017
Interest and finance charges on financial liabilities not at fair value through profit or loss	149	154
Other borrowing costs	4,714	0
Finance costs expensed in profit or loss	**4,862**	**154**

26. Depreciation and amortization expense

	March 31, 2018	March 31, 2017
Depreciation on property, plant and equipment (Note 4)	2,391	1,627
Amortization of intangible assets (Note 5)	1,249	0
Total depreciation and amortization expense	**3,641**	**1,627**

27. Other expenses

Particulars	March 31, 2018	March 31, 2017
Uniform and kit items	1,662	1,257
Selling Expenses	310	241
Administrative Expenses:		
-Travelling and Conveyance	6,213	5,196
-Postage and Telephone	2,152	1,604
-Rent	2,789	2,799
-Rates & Taxes	86	29
-Insurance	758	572
-Repairs and Maintenance:		
- Machinery	207	390
- Others	379	292
-Payments to auditors (Refer details below)	150	150
-Legal and professional fees	2,854	900
-Bad and doubtful debts provided/written off	2,287	2,100
-Other Administration and General Expenses	15,558	10,105
	35,405	**25,634**

Payment to Auditors

Particulars	March 31, 2018	March 31, 2017
As auditor:		
Audit fee	150	150
In other capacity:		
Taxation matters	0	0
Company law matters	0	0
Total payment to auditors	**150**	**150**

28. 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:

	March 31, 2018	March 31, 2017
Profit attributable to equity holders of the Company:	17,612	(41,809)
Continuing operations	17,612	(41,809)
Profit attributable to equity holders of the Company for basic earnings	17,612	(41,809)
Interest on Optionally Convertible Debenture (OCDs) (net of tax)	4,714	0
Profit attributable to equity holders of the Company adjusted for the effect of dilution	22,325	(41,809)
Weighted average number of Equity shares for basic EPS	2,25,00,000	2,25,00,000
Effect of dilution:		
Stock options	0	0
Conversion of OCDs	4,166,667	0
Weighted average number of Equity shares adjusted for the effect of dilution	26,666,667	22,500,000
Nominal value of equity shares (INR)	10	10
Earnings per share		
- Basic (INR)	0.78	(1.86)
- Diluted (INR)	0.66	(1.86)

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All in INR thousands except share data

29. Commitments and contingencies

(a) Leases

Operating lease commitments — Company as lessee

Operating lease arrangements comprise of office premises and Barracks. All the lease agreements are cancellable with a notice period ranging from 2 months to 6 months. Most leases also provide a renewal clause with an escalation in lease rental which is generally higher than the expected inflation rate.

Particulars	March 31, 2018	March 31, 2017
Lease rentals recognized in profit & loss account for the period	2,789	2,799
Minimum Lease Payments:		
- Not later than one year	2,789	2,799
- Later than one year but not later than five years	Nil	Nil
- Later than five years	Nil	Nil

(b) Contingent liabilities

	March 31, 2018	March 31, 2017	April 01, 2016
Claims against the Company not acknowledged as debt	5,450	5,450	5,450

Claims against the company not acknowledged as debt represents a compensation claim arising form an accidental death of an employee which is Subjudice. The claim is primarily against the insurance company with company being the second party. Liability, if any, devolving on the company in respect of this claim is presently uncertainable.

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, 2018.

Disputed claims against the Company, including claims raised by the tax authorities (e.g. Service tax) and which are pending in appeal /court and for which no reliable estimate can be made of the amount of the obligation, are not provided for in the accounts. However, the present obligation, if any, as a result of past events with a possibility of outflow of resources, when reliably estimable, is recognized in the accounts as an expense as and when such obligation crystallises.

30. Operating segment

Particulars	March 31, 2018	March 31, 2017
Revenue	1,23,965	75,484
EBIDTA	(40,211)	(41,353)

The Company is required to disclose segment information based on the 'management approach' as defined in Ind AS 108- Operating Segments, which is 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 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. Further, there were no customer contributing 10%, or more of external revenues during the year ended March 31, 2017

31. Related party transactions

Names of related parties

Holding Companies (or Joint venturers or Entities having significant influence over the Company)	Security and Intelligence Services (India) Limited (ultimate holding company)
Fellow Subsidiaries	Tech SIS Limited Dusters Total Solutions Services Pvt. Ltd. Service Master Clean Limited
Key Management Personnel and their relatives	Rituraj Kishore Sinha, Director Ravindra Kishore Sinha, Director Uday Singh, Director Pushpalatha Katkuri, Company Secretary
Persons having joint control of, or significant influence over the Company	SVM Services (Singapore) Pte Ltd
Associates/Joint Venture entities	NIL

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All in INR thousands except share data

Enterprises owned or significantly influenced by entities, group of individuals or their relatives who have control or significant influence over the Company	SIS Prosegur Alarm Monitoring & Response Services Private Limited (Joint venture of holding company) SIS Cash Services Private Limited (Associate of holding Company) SIS Prosegur Holdings Private Limited (Associate of holding Company) Security Skill Council (India) limited

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

Particulars	Month	Holding Companies	Fellow Subsidiaries	Persons having joint control of or significant influence over the Company	Enterprises owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Company	Total
Issue of Bonds or Debentures	Mar-18	0	47,411	0	0	47,411
	Mar-17	0	0	0	0	0
Interest Paid on Bonds or Debentures	Mar-18	0	0	0	0	0
	Mar-17	0	4,714	0	0	4,714
Administrative Expenses Paid	Mar-18	6,979	2,227	0	0	9,206
	Mar-17	5,927	0	0	0	5,927
Service charges / other Income received	Mar-18	7,138	16,607	0	294	24,039
	Mar-17	1,214	8,635	0	239	10,088
Advance Received from Customers	Mar-18	0	0	0	0	0
	Mar-17	0	6,500	0	62	6,562
Share Capital (including share premium)	Mar-18	1,12,523	0	1,12,477	0	2,25,000
	Mar-17	1,12,523	0	1,12,477	0	2,25,000
	Mar-16	1,12,523	0	1,12,477	0	2,25,000
Bonds or Debentures	Mar-18	0	47,411	0	0	47,411
	Mar-17	0	0	0	0	0
	Mar-16	0	0	0	0	0
Other payable & Accrual	Mar-18	16,069	524	0	175	16,768
	Mar-17	9,073	0	0	0	9,073
	Mar-16	3,701	0	0	83	3,784
Advance Received from Customers	Mar-18	0	0	0	0	0
	Mar-17	0	6,500	0	62	6,562
	Mar-16	0	0	0	0	0
Trade receivables & Accrual	Mar-18	358	1,927	0	135	2,420
	Mar-17	0	7,206	0	519	7,725
	Mar-16	0	1,312	0	236	1,548

Terms and conditions of transactions with related parties

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 does not carry any interest. For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: 7,725, April 01, 2016: 1,548). 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.

32. Financial risk management

General

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations and 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 arises from assets and liabilities denominated in currencies other than the functional currency of the respective entities and foreign

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currency revenue and cash flows. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). 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 National 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 liabilities for the balance sheet date as on March 31, 2018 and March 31, 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 Company's exposure to the risk of changes in market interest rates arises on borrowings with floating interest rate is NIL.

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

	March 31, 2018	March 31, 2017	April 01, 2016
Variable rate borrowings:			
- Cash credit	NIL	NIL	NIL
- Bank overdraft	NIL	NIL	NIL
- Loans	NIL	NIL	NIL
Fixed rate borrowings	47,411	NIL	NIL
Total borrowings	47,411	NIL	NIL

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.

	March 31, 2018	March 31, 2017
Interest rates - increase by 25 basis points *	104	NIL
Interest rates – decrease by 25 basis points *	104	NIL

*Holding all other variables constant – this table will only be applicable to the variable rate loans in the earlier table

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 35,455 thousand and INR 2,352 thousand respectively as at March 31, 2018 (INR 29,193 thousand and INR NIL thousand respectively as at March 31, 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 receivable. No single customer accounted for more than 10% of the accounts receivable as of March 31, 2018 and March 31, 2017. 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 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.

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.

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 any 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 summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Year ended March 31, 2018

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total

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Borrowings	0	0	0	47,411	0	47,411
Other financial liabilities	0	14,669	0	130	0	14,799
Trade and other payables	0	12,634	0	0	0	12,634
Total	**0**	**27,303**	**0**	**47,541**	**0**	**74,844**

Year ended March 31, 2017

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade and other payables	0	7,716	0	0	0	7,716
Other financial liabilities	0	4,596	0	99	0	4,695
Total	**0**	**12,311**	**0**	99	**0**	**12,410**

As at April 01, 2016

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade and other payables	0	2,451	0	0	0	2,451
Other financial liabilities	0	5,516	0	118	0	5,634
Total	**0**	**7,966**	**0**	**118**	**0**	**8,084**

33. 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 Return on Average Capital Employed (EBIT / Average capital employed) and Gearing Ratio (Net debt / EBITDA). The Company defines Net Debt as borrowings less cash and cash equivalents, excluding discontinued operations.

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Borrowings (Note 14)	47,411	0
Less: Cash and cash equivalents (Note 11)	2,743	2,133
Net Debt – A	**44,668**	**(2,133)**
Equity (Note 12)	2,25,000	2,25,000
Other equity (Note 13)	(1,97,608)	(2,17,288)
Shareholders fund - B	**27,392**	**7,712**
Capital employed – (C = A + B)	**72,060**	**5,579**
Average capital employed	**38,819**	**8,354**
EBITDA	**(40,211)**	**(41,353)**
EBIT	**(21,555)**	**(40,961)**
Return on Average Capital Employed (EBIT / Average capital employed)	**(56%)**	**(490%)**
Gearing ratio (Net debt / EBITDA)	**(1.11)**	**NA***

*Gearing ratio for March 31, 2017 is not applicable since there are borrowings during the year ended March 31, 2017.

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.

34. Going concern

The Company has incurred losses during the financial year ended March 31, 2018 and in the immediately preceding financial year. However, 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 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.

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35. First-time adoption of Ind-AS

These financial statements, for the year ended March 31, 2018, are the first the Company has prepared in accordance with Ind-AS. For all periods up to and including the year ended March 31, 2017, 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. The date of transition to Ind-AS is April 01, 2016.

Accordingly, the Company has prepared financial statements which comply with Ind-AS applicable for periods ending on or after March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, 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 01, 2016, 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 01, 2016 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) 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 01, 2016 and at March 31, 2017 are consistent with those made for the same dates in accordance with Previous GAAP (after adjustments to reflect any differences in accounting policies)

Classification and measurement of financial assets

Financial assets have been classified and measured on the basis of facts and circumstances existing on April 01, 2016.

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 01, 2016.

Reconciliations

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

1. Equity as at April 01, 2016 and March 31, 2017; and
2. Net Profit after tax for the year ended March 31, 2017.

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

Nature of Adjustment	Year ended March 31, 2017
Net Profit as per Previous GAAP	**(41,840)**
Finance Income	145
Lease rent equalization	15
Employee benefit expenses – Actuarial gain and loss on long term defined benefits plan reclassified as OCI (net of taxes)	(105)
Others	30
Deferred tax impact of Ind-AS adoption	(54)
Net Profit as per Ind-AS (A)	**(41,809)**
Other comprehensive Income (net of tax) (B)	105
Total comprehensive income as reported under Ind-AS (A+B)	(41,704)

Nature of Adjustment	As at April 01, 2016	As at March 31, 2017
Reserves as per Previous GAAP	(1,75,500)	(2,17,340)
Impact of recognizing and measuring financial assets and financial liabilities in accordance with Ind As	(84)	62
Others		(10)
Reserves as per Ind-AS	(1,75,584)	(2,17,288)

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Footnotes to the reconciliation of reserve as at April 01, 2016 and March 31, 2017 and statement of profit or loss for the year ended March 31, 2017

a) Leasehold deposits

Under Ind-AS, long term lease deposits are required to be initially measured at fair value and subsequently at amortized cost using the effective interest method. Accordingly, fair value adjustment of INR 341 (April 01, 2016) and INR 124 (March 31, 2017) on security deposits has been recognized against increase in prepaid assets of INR 341 (April 01, 2016) and INR 124 (March 31, 2017). Additionally, for the year ended March 31, 2017, interest income on deposit of 145 is recognized in the statement of profit and loss. No such accounting was prescribed under Previous GAAP.

***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, 2017 has increased by 105 net of deferred tax

***c)* 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 assets is of 54 with consequent impact on retained earnings (and net profit for the year ended March 31, 2017).

***d)* 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.

***e)* Statement of cash flows**

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

For A. Mitra & Associates
Chartered Accountants
(Firm Regn.No. 5268/C)

CA A. K. Mitra
(Partner)
Membership No. 015230
Place: New Delhi
Date: May 8, 2018

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For and on behalf of the board of directors

Ravindra Kishore Sinha
Director
(DIN: 00945635)

Rituraj Kishore Sinha
Director
(DIN: 00477256)