# B S R & Co. LLP
Chartered Accountants

Maruthi Info-Tech Centre
11-12/1, B Block, 2nd Floor
Inner Ring Road, Koramangala
Bangalore 560 071 India

Telephone +91 80 7134 7000
Fax +91 80 7134 7999


**Independent Auditor's Report**

**To the Members of Dusters Total Solutions Services Private Limited**

## Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Dusters Total Solutions Services Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

**Auditor's Responsibility**

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

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

We conducted our audit of the 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 Ind AS financial statements are free from material misstatement.




B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N M Joshi Marg, Mahalakshmi
Mumbai 400 011

**Dusters Total Solutions Services Private Limited**

**Auditor's Responsibility (continued)**

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

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

**Opinion**

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

**Report on Other Legal and Regulatory Requirements**

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

2. As required by Section 143(3) of the Act, we report that:

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

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

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

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;

**Dusters Total Solutions Services Private Limited**

**Report on Other Legal and Regulatory Requirements (continued)**

e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer note 37 to the Ind AS financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Ind AS financial statements for the period ended 31 March 2017 have been disclosed - Refer note 9 to the Ind AS financial statements.

*for* **B S R & Co. LLP**
*Chartered Accountants*
Firm registration number: 101248W/W-100022

**Amrit Bhansali**
*Partner*
Membership number: 065155

Bengaluru
Date: 08 May 2018

**Dusters Total Solution Services Private Limited**

**Annexure A to the Independent Auditors' Report**

Annexure referred to in paragraph 1 under report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2018. We report that:

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

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no immovable properties that are owned by the Company. Thus, paragraph 3(i) (c) of the Order is not applicable to the Company.

(ii) The Company is a Service Company, engaged in providing facility management services. Accordingly, it does not hold any physical inventories. Thus paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, there are no loans, investments, guarantees or securities given in respect of which provisions of Sections 185 and 186 of the Act are applicable. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) The Company has not accepted any deposits from the public. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Central Government of India has not prescribed the maintenance of cost records under section 148 (1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, value added tax, sales tax, labour welfare fund, service tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, labour welfare fund, goods and service tax, value added tax, cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

**Dusters Total Solution Services Private Limited**

**Annexure A to the Independent Auditors' Report (continued)**

(b) According to the information and explanations given to us, there are no dues of in respect of Sales tax, value added tax, goods and services tax or cess which have not been deposited with the appropriate authorities on account of any dispute. However, according to the information and explanations given to us, the following dues of Income- tax and Service tax have not been deposited by the Company on account of disputes:

| Name of the statute | Natures of dues | Amounts (in Rs) | Period to which it relates to (financial year) | Forum where the dispute is pending |
|---|---|---|---|---|
| Service Tax | Penalty | 6,919,729 | August 2008 to December 2009 | CESTAT, South Zonal, Chennai |
| Service Tax | Penalty | 124,990,673 | October 2011 to March 2013 | CESTAT, Bengaluru |
| Income tax Act, 1961 | Tax | 1,620,612 | 2012-2013 | CIT (Appeals), Bengaluru |
| Income tax Act, 1961 | Tax | 721,565 | 2011-12 | Income Tax Appellate Tribunal, Bengaluru |
| Income tax Act, 1961 | Tax | 1,624,203 | 2012-2013 | CIT (Appeals), Chennai |
| Income tax Act, 1961 | Tax | 1,980,809 | 2013-2014 | CIT (Appeals), Bengaluru |
| Income tax Act, 1961 | Tax | 12,856,404 | 2011-2012 | High Court, Bengaluru |
| Income tax Act, 1961 | Tax | 14,919,672 | 2012-2013 | High Court, Bengaluru |

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company did not have any outstanding loans or borrowings from financial institutions and the government. The Company has not issued any debenture during the year.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no fraud on the Company by its officers or employees or fraud by the Company has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid for managerial remuneration in accordance with provisions of Section 197 read with Schedule V to the Act.

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

**Dusters Total Solution Services Private Limited**

**Annexure A to the Independent Auditors' Report (continued)**

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us and in our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

*for* **B S R & Co. LLP**
*Chartered Accountants*
Firm registration number: 101248W/W - 100022

ABhansali

**Amrit Bhansali**
*Partner*
Membership number: 065155
Bengaluru
Date: 08 May 2018

**Annexure B to the 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 Dusters Total Solutions Services Private Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The 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 ('Guidance Note') 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 Act.

**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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**Annexure B to the Auditors' Report**

**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.

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any 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 31 March 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 issued by the ICAI.

*for* **B S R & Co. LLP**
*Chartered Accountants*
Firm registration number: 101248W/W - 100022

ABhansali

**Amrit Bhansali**
*Partner*
Membership number: 065155

Bengaluru
Date: 08 May 2018

# Dusters Total Solutions Services Private Limited

## Balance Sheet

*All amounts in INR million*

| Particulars | Note | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| **A. Assets** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 3 | 137.73 | 112.99 | 123.12 |
| Goodwill | 4 | 77.54 | 77.54 | 77.54 |
| Other intangible assets | 5 | 13.12 | 6.82 | 8.98 |
| Financial assets | | | | |
| (i) Investments | 6 | 0.03 | 0.03 | 0.03 |
| (ii) Others | 7 | 12.43 | 8.97 | 9.64 |
| Deferred tax assets (net) | 8 | 163.46 | 68.76 | 36.56 |
| Income tax assets (net) | 8 | 154.76 | 143.72 | 137.65 |
| **Total non-current assets** | | **559.07** | **418.83** | **393.52** |
| **Current assets** | | | | |
| Financial assets | | | | |
| (i) Trade receivables | 9 | 1,176.12 | 887.31 | 738.03 |
| (ii) Cash and cash equivalents | 10 | 12.76 | 0.67 | 1.10 |
| (iii) Bank balances other than above | 10 | - | 10.19 | 3.75 |
| (iv) Advances | 11 | 4.20 | 4.30 | 46.43 |
| (v) Others | 12 | 32.89 | 87.18 | 135.86 |
| Other current assets | 13 | 14.91 | 4.90 | 3.45 |
| **Total current assets** | | **1,240.88** | **994.55** | **928.62** |
| **Total assets** | | **1,799.95** | **1,413.38** | **1,322.14** |
| | | | | |
| **B. Equity and liabilities** | | | | |
| **Equity** | | | | |
| Equity share capital | 14 | 28.02 | 28.02 | 16.10 |
| Other equity | 15 | 917.78 | 621.81 | 197.43 |
| **Total equity** | | **945.80** | **649.83** | **213.53** |
| | | | | |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| (i) Borrowings | 16 | - | 1.02 | 2.09 |
| Provisions | 17 | 34.93 | 28.43 | 27.22 |
| **Total non-current liabilities** | | **34.93** | **29.45** | **29.31** |
| | | | | |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| (i) Borrowings | 16 | 43.82 | 127.55 | 530.71 |
| (ii) Trade payables | 18 | 90.81 | 47.76 | 37.44 |
| (iii) Other financial liabilities | 19 | 474.30 | 390.36 | 361.51 |
| Other current liabilities | 20 | 139.32 | 108.73 | 91.16 |
| Provisions | 17 | 70.97 | 59.70 | 58.48 |
| **Total current liabilities** | | **819.22** | **734.10** | **1,079.30** |
| **Total equity and liabilities** | | **1,799.95** | **1,413.38** | **1,322.14** |

Summary of significant accounting policies 2

The notes referred to above form an integral part of these Ind AS financial statements

*As per our report of even date attached*

*for* **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration Number: 101248W/W-100022

**Amrit Bhansali**
*Partner*
Membership No. 065155

Place: Bangalore
Date: May 8, 2018

*for and on behalf of the Board of Directors of*
**Dusters Total Solutions Services Private Limited**

**Shamsher Puri**
*Director*
DIN: 01483698

Place: Bangalore
Date: May 8, 2018

**Jasmer Puri**
*Director*
DIN: 01423301

Place: Bangalore
Date: May 8, 2018

**V S Sekar**
*Chief Financial Officer*

Place: Bangalore
Date: May 8, 2018

# Dusters Total Solutions Services Private Limited

## Statement of Profit and Loss

*All amounts in INR million*

| Particulars | Note | For the year ended | |
|---|---|---|---|
| | | March 31, 2018 | March 31, 2017 |
| **1. Income** | | | |
| a) Revenue from operations | 21 | 4,850.39 | 3,862.80 |
| b) Other income | 22 | 10.39 | 6.00 |
| **Total Income (a+b)** | | **4,860.78** | **3,868.80** |
| | | | |
| **2. Expenses** | | | |
| a) Cost of materials consumed | 23 | 142.37 | 121.93 |
| b) Employee benefits expense | 24 | 4,107.44 | 3,314.11 |
| c) Finance costs | 25 | 37.86 | 42.70 |
| d) Depreciation and amortization expense | 26 | 43.49 | 39.62 |
| e) Other expenses | 27 | 285.63 | 203.56 |
| **Total expenses (a+b+c+d)** | | **4,616.79** | **3,721.92** |
| | | | |
| **3. Profit before income tax (1-2)** | | **243.99** | **146.88** |
| **4. Tax expense:** | | | |
| Current tax | 8 | 33.18 | 61.31 |
| Deferred tax | 8 | (91.00) | (25.20) |
| **5. Profit for the year (3-4)** | | **301.81** | **110.77** |
| **6. Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss:** | | | |
| a) Re-measurement (loss)/gain on defined benefits plan | | (10.69) | 12.25 |
| b) Income tax relating to these items | | 3.70 | (4.24) |
| **Total other comprehensive income, net of income tax** | | **(6.99)** | **8.01** |
| | | | |
| **7. Total comprehensive income for the year (5+6)** | | **294.82** | **118.78** |
| | | | |
| **8. Earnings per share** | | | |
| Basic | 29 | 107.72 | 47.25 |
| Diluted | 29 | 107.72 | 39.50 |

Summary of significant accounting policies 2

The notes referred to above form an integral part of these Ind AS financial statements

*As per our report of even date attached*

*for* **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration Number: 101248W/W-100022

**Amrit Bhansali**
*Partner*
Membership No. 065155

Place: Bangalore
Date: May 8, 2018

*for and on behalf of the Board of Directors of*
**Dusters Total Solutions Services Private Limited**

**Shamsher Puri**
*Director*
DIN: 01483698

Place: Bangalore
Date: May 8, 2018

**Jasmer Puri**
*Director*
DIN: 01423301

Place: Bangalore
Date: May 8, 2018

**V S Sekar**
*Chief Financial Officer*

Place: Bangalore
Date: May 8, 2018

# Dusters Total Solutions Services Private Limited

## Statement of Changes in Equity

*All amounts in INR million*

**A. Equity share capital**

Equity shares of INR 10 each issued, subscribed and fully paid

| Particulars | Numbers | Amount |
|---|---|---|
| **As at April 1, 2016** | 16,09,873 | 16.10 |
| Add: Issue of equity shares (refer note 13) | 11,91,793 | 11.92 |
| **As at March 31, 2017** | **28,01,666** | **28.02** |
| Add/Less: Changes in equity share capital | - | - |
| **As at March 31, 2018** | **28,01,666** | **28.02** |

**B. Other equity**

| Particulars | Equity component of compounded financial instrument | Reserves and surplus | | | | Other reserves | | | Total other equity (transactions with the shareholders of the company) |
|---|---|---|---|---|---|---|---|---|---|
| | | Securities premium | Employee stock option reserve | Retained earnings | General reserve | Capital reserve | Capital redemption reserve | Other comprehensive Income | |
| **Balance as of April 1, 2016** | **162.02** | **148.86** | **13.39** | **(151.67)** | **7.56** | **17.09** | **0.18** | **0.00** | **197.43** |
| **Other comprehensive income for the year** | | | | | | | | 8.01 | 8.01 |
| Profit for the year | - | - | - | 110.77 | - | - | - | - | 110.77 |
| Transferred from OCI to retained earnings | - | - | - | 8.01 | - | - | - | (8.01) | - |
| **Total comprehensive income for the year** | - | - | - | **118.78** | - | - | - | - | **118.78** |
| Issue of equity shares | - | 463.39 | - | - | - | - | - | - | 463.39 |
| Extinguishment of financial liability | (162.02) | - | - | - | - | - | - | - | (162.02) |
| Share based payment to employees | - | - | 4.24 | - | - | - | - | - | 4.24 |
| Exercise of stock options | - | 8.99 | (8.99) | - | - | - | - | - | - |
| Dividends (including corporate dividend tax) | - | - | - | (0.01) | - | - | - | - | (0.01) |
| **Balance as of March 31, 2017** | - | **621.24** | **8.64** | **(32.90)** | **7.56** | **17.09** | **0.18** | - | **621.81** |
| **Other comprehensive income for the year** | - | - | - | - | - | - | - | (6.99) | (6.99) |
| Profit for the year | - | - | - | 301.81 | - | - | - | - | 301.81 |
| Transferred from OCI to retained earnings | - | - | - | (6.99) | - | - | - | 6.99 | - |
| **Total comprehensive income for the year** | - | - | - | **294.82** | - | - | - | - | **294.82** |
| Share based payment to employees | - | - | 1.15 | - | - | - | - | - | 1.15 |
| Transfer from ESOP reserve to General reserve | - | - | (2.72) | - | 2.72 | - | - | - | - |
| **Balance as of March 31, 2018** | - | **621.24** | **7.07** | **261.92** | **10.28** | **17.09** | **0.18** | - | **917.78** |

The notes referred to above form an integral part of these Ind AS financial statements

*As per our report of even date attached*

***for* B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration Number: 101248W/W-100022

Bhansali

**Amrit Bhansali**
*Partner*
Membership No. 065155

Place: Bangalore
Date: May 8, 2018

*for and on behalf of the Board of Directors of*
**Dusters Total Solutions Services Private Limited**

**Shamsher Puri**
*Director*
DIN: 01483698

Place: Bangalore
Date: May 8, 2018

**Jasmer Puri**
*Director*
DIN: 01123301

Place: Bangalore
Date: May 8, 2018

**V S Sekar**
*Chief Financial Officer*

Place: Bangalore
Date: May 8, 2018

# Dusters Total Solutions Services Private Limited

## Statement of Cash Flows

*All amounts in INR million*

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| **A. Cash flow from operating activities:** | | |
| Net profit before tax | 243.99 | 146.88 |
| **Adjusted for:** | | |
| Depreciation and amortization | 43.49 | 39.62 |
| Finance cost | 37.86 | 42.70 |
| Provision for doubtful debts | 8.93 | 0.32 |
| Interest income | (10.39) | (5.99) |
| Loss on sale of property, plant and equipment | 1.01 | 0.21 |
| Stock compensation expenses | 2.26 | 4.24 |
| Bad debts written off | 5.77 | 8.90 |
| Actuarial gain/loss (reclassification to OCI) | (10.69) | 12.25 |
| **Changes in assets and liabilities** | | |
| (Increase) in trade receivables | (303.51) | (158.50) |
| Decrease in loans and other financial assets and other assets | 40.20 | 90.73 |
| Increase in trade payable | 41.94 | 10.32 |
| Increase in other financial liabilities and other liabilities | 67.88 | 24.66 |
| Increase other current liabilities | 30.59 | 17.57 |
| Increase in employee benefit obligations | 17.77 | 2.43 |
| **Cash generated from operations** | **217.10** | **236.34** |
| Income taxes paid | (44.22) | (67.38) |
| **Net cash generated from operating activities** | **172.88** | **168.96** |
| **B. Cash flow from investing activities:** | | |
| Acquisition of property, plant and equipment | (62.76) | (23.56) |
| Proceeds from sale of property, plant and equipment | 3.32 | 0.11 |
| Movement in term deposits, net | 10.19 | (6.45) |
| Interest received | 11.11 | 5.29 |
| **Net cash used in investing activities** | **(38.14)** | **(24.61)** |
| **C. Cash flow from financing activities:** | | |
| Repayment of borrowings | (1.06) | (0.97) |
| Dividend paid | - | (0.01) |
| Finance cost | (37.86) | (36.50) |
| **Net cash used in financing activities** | **(38.92)** | **(37.48)** |
| | | |
| **Net increase / (decrease) in cash and cash equivalents** | 95.82 | 106.87 |
| Cash and cash equivalents at the beginning | (126.88) | (233.75) |
| **Cash and cash equivalents at the end** | **(31.06)** | **(126.88)** |
| | | |
| **Non-cash activities** | | |
| Conversion of ROCCPs | - | 162.02 |

| **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 | 12.76 | 0.67 |
| Cash Credits | (43.82) | (127.55) |
| **Balance per statement of cash flows** | **(31.06)** | **(126.88)** |

**Notes:**

(i) Cash flow statement is made using indirect method.

The notes referred to above form an integral part of these Ind AS financial statements

*As per our report of even date attached*

*for* **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration Number:101248W/W-100022

*for and on behalf of the Board of Directors of*
**Dusters Total Solutions Services Private Limited**

**Amrit Bhansali**
*Partner*
Membership No. 065155

**Shamsher Puri**
*Director*
DIN: 01483698

**Jasmer Puri**
*Director*
DIN: 01423301

**V S Sekar**
*Chief Financial Officer*

Place: Bangalore
Date: May 8, 2018

Place: Bangalore
Date: May 8, 2018

Place: Bangalore
Date: May 8, 2018

Place: Bangalore
Date: May 8, 2018

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

### 1. Company overview

Dusters Total Solutions Services Private Limited (formerly known as Dusters Hospitality Services Private Limited) ('the Company') is a company limited by shares, incorporated and domiciled in India. The Company is a Private Limited Company incorporated under the provisions of the Companies Act, 1956 on May 8, 2007. Its registered office and principal place of business is situated at
# 50, Zatakia House
4th Floor, 100 Ft Road, Indiranagar
Bangalore, Karnataka - 560038, India

The company is engaged in the business of providing facility management services across industry verticals.

The financial statements are presented in Indian Rupees (INR) rounded off to nearest million 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 8, 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 Companies Act"). The Ind-AS are notified under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

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 40 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) share based payments; and
c) The defined benefit asset/(liability) which is recognized 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.

#### (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 realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized 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.

BSR & Co. LLP
Bangalore 560 071
Chartered Accountants

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***

All 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.

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 recognized as at April 1, 2016 measured as per the Previous GAAP and use the net book value as the 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 was following written-down value method for depreciating its fixed assets till year ended March 31, 2014. During the year ended March 31, 2015, the Company based on an internal assessment determined that the SLM method better reflected the consumption pattern of its assets. Consequently, it had changed its depreciation method from written-down value method to straight-line method. The Company has provided depreciation using the straight-line method over the estimated useful life of each asset as envisaged in Schedule II.

However, where management's estimate of the useful life of fixed assets at the time of acquisition of the fixed assets or of the remaining useful life on a subsequent review is otherwise than that envisaged in the aforesaid schedule, depreciation is provided based on management's estimate of the useful life/remaining useful life. Currently, the Management has estimated the useful lives of fixed assets, to be in accordance with the useful lives prescribed in the aforementioned schedule, except for plant and machinery where it has considered a lower useful life.

Pursuant to the above policy, management's estimates of useful life of fixed assets are as follows:

| Category | Useful life |
|---|---|
| Plant and machinery | 7 years |
| Computer equipment | 3 years |
| Servers & networks | 6 years |
| Furniture and fixtures | 10 years |
| Office Equipment | 5 years |
| Vehicles | 8 - 10 years |

Depreciation on the leasehold improvements is provided over the lease term or the useful lives of assets, whichever is lower.

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 derecognized.

An item of property, plant and equipment and any significant part initially recognized is derecognized 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 derecognized.

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

**(c) 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 amortization and accumulated impairment losses.

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

On transition to Ind-AS, since there is no change in the functional currency, the Company has elected to continue with the carrying value of all its intangible assets recognized as at April 1, 2016 measured as per the Previous GAAP and use that carrying value as deemed cost of the intangible assets.

Intangible assets are amortized in the Statement of Profit and Loss over their estimated useful lives, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset. Accordingly, at present, these are being amortized on straight line basis.

The estimated useful lives of intangible assets are as follows:

| Category | Useful life |
|---|---|
| Goodwill | Indefinite |
| Computer software | 6 years |

Amortization method and useful lives are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern.

***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 capitalized to software and systems.

**(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 to 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.

**(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 recognized 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 recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

***Subsequent measurement***

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

- Debt instruments at amortized 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 amortized cost***

A 'debt instrument' is measured at the amortized 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.

After initial measurement, such financial assets are subsequently measured at amortized 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. Amortized 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 recognized in profit or loss. A gain or loss on such financial asset which is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 33.

***Financial instruments at FVTOCI***

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

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

***Equity investments***

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized 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.

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.

B S R & Co. LLP
BANGALORE
560 071
CHARTERED ACCOUNTANTS

***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 derecognized (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 recognized to the extent of continuing involvement in the financial asset.

***Impairment of financial assets***

The Company recognizes loss allowances on a forward-looking basis using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Lifetime ECL allowance is recognized for trade receivables with no significant financing component. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case they are measured at lifetime ECL. Note 38 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 recognized 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 and financial guarantee contracts.

***Subsequent measurement***

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

***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized 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 recognized in the statement of profit or loss.

***Borrowings***

After initial recognition, borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowing using the EIR method. Fees paid on the establishment of loan facilities are recognized 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 capitalized as a prepayment for liquidity services and amortized 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 recognized in profit or loss as finance costs.

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

The fair value of the liability portion of an optionally convertible preference share or compulsorily convertible preference share where the price of the conversion of the preference share into equity share is not fixed, is determined using a market rate of interest for an equivalent non-convertible bond. This amount is recorded as a liability on an amortized 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 recognized 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 recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instrument issued.

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

***Financial guarantee contracts***

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. 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 derecognized 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 recognized 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 recognized 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 cause 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

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

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 recognized 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 recognized amounts and there is an intention to settle on a net basis, to realize 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 recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

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

***Current tax***
The current income tax 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 recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 utilized.

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 utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized 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 realized 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 recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

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

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

**(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 recognized initially at their fair value and subsequently measured at amortized 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.

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.

BSR & Co. LLP
BANGALORE
560 071
CHARTERED ACCOUNTANTS

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

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

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

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

***Asset Retirement Obligations (ARO)***

ARO are recognised for those operating lease arrangements where the Group 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. 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 liability 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 recognized 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 recognized 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.

**(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:

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

Revenue from services represents the amounts receivable for services rendered.

a. For non-contract-based business, revenue represents the value of goods delivered or services performed.

b. 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.

c. Unbilled revenue net of expected deductions is recognized at the end of each period. Such unbilled revenue is reversed in the subsequent period when actual invoice is raised.

***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 recognized 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 amortized 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 Rupee (INR) which is also the Company's functional currency i.e. the currency of the primary economic environment in which the Company operates.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates 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.

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

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 benefits, and compensated absences expected to be settled within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave 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 recognizes a liability and an expense for bonuses. The Company recognizes 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 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. In respect of those employees who are entitled to encashment of the leave at the end of every calendar year a provision is created to account for the liability.

The obligations are presented as current liabilities in the balance 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:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs.

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

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

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

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 recognizes 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 in 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 1, 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.

BSR & Co. LLP
BANGALORE
560 071
CHARTERED ACCOUNTANTS

*(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 amortization 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 29).

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.

B S R & Co. LLP * BANGALORE 560 071 * CHARTERED ACCOUNTANTS

**(y) Cash dividend and non-cash distribution to equity holders of the Company**

The company recognizes 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 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) Cash flow statement**

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

**2.4. 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 8
- Estimated useful life of other intangible assets – Note 2.3.c
- Estimation of defined benefit obligation – Note 28
- Recognition of deferred tax assets for carried forward of tax losses – Note 8
- Impairment of trade receivables- Note 33
- Classification of leases as operating leases or finance leases - Note 2.3.v
- Whether assets held for distribution to owners meet the definition of discontinued operations Note 2.3.j

***Impairment***

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

***Share-based payments***

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 37.

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

***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 utilized. 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 asset under development***

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

**2.5. Standards issued but not yet effective**

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 standalone financial statements and the impact is not material.

***Ind AS 115 – 'Revenue from Contracts 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.

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:

a) 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

b) b) 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.

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

***Amendment to Ind AS 12 – 'Income Taxes'***

The amendments clarify the requirement for recognizing deferred tax assets on unrealized losses on debt instruments that are measured at fair value. The amendment also clarifies certain other aspects of accounting for deferred tax assets. The changes will not have any material impact on the financial statements of the Company.

***Amendment to Ind AS 21 – 'The Effect of Changes in Foreign Exchange Rates'***

This amendment clarifies translation of advance payments denominated in foreign currency into functional currency at the spot rate on the day of payment. The guidance aims to reduce diversity in practice. The changes will not have any material impact on the financial statements of the Company.

***Amendment 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 to the financial statements of the Company.

B S R & Co. LLP
BANGALORE
560 071
CHARTERED ACCOUNTANTS

**3. Property, plant and equipment**

| Block of assets | Gross Block | | | | Accumulated depreciation | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2016* | Additions during the year | Deletions during the year | As at March 31, 2017 | As at April 1, 2016 | Charge for the year | Deletions during the year | As at March 31, 2017 | As at March 31, 2017 |
| Leasehold improvements | 5.76 | - | - | 5.76 | - | 2.77 | - | 2.77 | 2.99 |
| Plant and machinery | 103.98 | 20.92 | (2.30) | 122.60 | - | 28.41 | (2.01) | 26.40 | 96.20 |
| Furniture and fixtures | 2.56 | 0.04 | 0.00 | 2.60 | - | 0.77 | - | 0.77 | 1.83 |
| Vehicles | 5.41 | - | (0.26) | 5.15 | - | 1.28 | (0.23) | 1.05 | 4.10 |
| Office equipment | 2.27 | 2.10 | - | 4.37 | - | 1.26 | - | 1.26 | 3.11 |
| Computers | 3.14 | 3.59 | - | 6.73 | - | 1.97 | - | 1.97 | 4.76 |
| **Total** | **123.12** | **26.65** | **(2.56)** | **147.21** | | **36.46** | **(2.24)** | **34.22** | **112.99** |

| Block of assets | Gross block | | | | Accumulated depreciation | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2017 | Additions during the year | Deletions during the year | As at March 31, 2018 | As at April 1, 2017 | Charge for the year | Deletions during the year | As at March 31, 2018 | As at March 31, 2018 |
| Leasehold improvements | 5.76 | 2.92 | - | 8.68 | 2.77 | 2.14 | - | 4.91 | 3.77 |
| Plant and machinery | 122.60 | 55.08 | (7.62) | 170.06 | 26.40 | 30.78 | (3.29) | 53.89 | 116.17 |
| Furniture and fixtures | 2.60 | 0.34 | - | 2.94 | 0.77 | 0.84 | - | 1.61 | 1.33 |
| Vehicles | 5.15 | - | - | 5.15 | 1.05 | 0.88 | - | 1.93 | 3.22 |
| Office equipment | 4.37 | 4.45 | - | 8.82 | 1.26 | 1.71 | - | 2.97 | 5.85 |
| Computers | 6.73 | 6.26 | - | 12.99 | 1.97 | 3.63 | - | 5.60 | 7.39 |
| **Total** | **147.21** | **69.05** | **(7.62)** | **208.64** | **34.22** | **39.98** | **(3.29)** | **70.91** | **137.73** |

* Deemed cost being the net block of property, plant and equipment measured as per previous GAAP has been considered as the carrying value

**4. Goodwill**

| Block of assets | Gross block | | | | Accumulated amortization | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2016* | Additions during the year | Deletions during the year | As at March 31, 2017 | As at April 1, 2016 | Charge for the year | Deletions during the year | As at March 31, 2017 | As at March 31, 2017 |
| Goodwill | 77.54 | - | - | 77.54 | - | - | - | - | 77.54 |
| **Total** | **77.54** | **-** | **-** | **77.54** | **-** | **-** | **-** | **-** | **77.54** |

| Block of assets | Gross block | | | | Accumulated amortization | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2017 | Additions during the year | Deletions during the year | As at March 31, 2018 | As at April 1, 2017 | Charge for the year | Deletions during the year | As at March 31, 2018 | As at March 31, 2018 |
| Goodwill | 77.54 | - | - | 77.54 | - | - | - | - | 77.54 |
| **Total** | 77.54 | - | - | 77.54 | - | - | - | - | 77.54 |

* Deemed cost being the net block of Goodwill measured as per previous GAAP has been considered as the carrying value

**Impairment testing of goodwill**

The Company tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculation use cash flow projections based on financial budgets approved by management covering a period of five years. Cash flows beyond the period of five years are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

Goodwill is monitored by management at the level of the Company as a whole is the CGU.

**Goodwill**

A summary of changes in the carrying amount of goodwill is as follows:

| Particulars | As at | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| **Carrying value at the beginning of the year** | 77.54 | 77.54 |
| **Carrying value at the end of the year** | **77.54** | **77.54** |

The entire goodwill is relating to amalgamation of its two wholly owned subsidiaries named Prostar Hospitality Services Private Limited (Prostar) and Facilitec Services (India) Private Limited (Facilitec) under section 391-394 of the Companies Act, 1956 effective from April 1, 2014. The Company as a whole is the CGU and operating segment, hence, no separate allocation of goodwill has been disclosed.

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

**Impairment testing of goodwill**

The Company tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculation use cash flow projections based on financial budgets approved by management covering a period of five years. Cash flows beyond the period of five years are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections for a CGU / groups of CGUs over a period of five years. An average of the range of each assumption used is mentioned below. As of March 31, 2018, March 31, 2017 and April 1, 2016, the estimated recoverable amount of the CGU exceeded its carrying amount. The recoverable amount was computed based on the fair value less cost to sell being higher than value-in-use. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing.

Key assumptions used for testing impairment of goodwill relating to amalgamation of its two wholly owned subsidiaries named Prostar Hospitality Services Private Limited (Prostar) and Facilitec Services (India) Private Limited (Facilitec):

| Particulars | March 31, 2018 | March 31, 2017 | April 1, 2016 |
|---|---|---|---|
| Sales (% annual growth rate) | 15% - 29% | 18% - 25% | 18% - 25% |
| Budgeted gross margin (%) | 12.00% | 15.00% | 15.00% |
| Long term growth rate (%) | 5.00% | 5.00% | 5.00% |
| Pre-tax discount rate (%) | 14.78% | 17.32% | 17.32% |

**5. Other intangible assets**

| Block of assets | Gross block | | | | Accumulated amortization | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2016* | Additions during the year | Deletions during the year | As at March 31, 2017 | As at April 1, 2016 | Charge for the year | Deletions during the year | As at March 31, 2017 | As at March 31, 2017 |
| Computer software** | 8.98 | 1.00 | - | 9.98 | - | 3.16 | - | 3.16 | 6.82 |
| **Total** | **8.98** | **1.00** | **-** | **9.98** | **-** | **3.16** | **-** | **3.16** | **6.82** |

| Block of assets | Gross block | | | | Accumulated amortization | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2017 | Additions during the year | Deletions during the year | As at March 31, 2018 | As at April 1, 2017 | Charge for the year | Deletions during the year | As at March 31, 2018 | As at March 31, 2018 |
| Computer Software** | 9.98 | 9.81 | - | 19.79 | 3.16 | 3.51 | - | 6.67 | 13.12 |
| **Total** | **9.98** | **9.81** | **-** | **19.79** | **3.16** | **3.51** | **-** | **6.67** | **13.12** |

* Deemed cost being the net block of other intangible measured as per previous GAAP has been considered as the carrying value

** Computer software consists of purchased software licenses and implementation costs of Enterprise Resource Planning (ERP) software.

**6. Investment**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **Non-current investment** | | | |
| **Investments at fair value through profit or loss (FVTPL)** | | | |
| **Unquoted equity shares** | | | |
| 2,500 unquoted equity shares of The Saraswat Co-operative Bank Ltd. of INR 10 each, fully paid-up) | 0.03 | 0.03 | 0.03 |
| **Total** | **0.03** | **0.03** | **0.03** |
| Aggregate book value of unquoted investments | 0.03 | 0.03 | 0.03 |

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

7. Other financial assets

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **Other non-current financial assets** | | | |
| Security deposits | 12.43 | 8.97 | 9.64 |
| **Total** | **12.43** | **8.97** | **9.64** |

8. Income tax

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

**Statement of profit and loss:**

**Profit or loss section:**

| Particulars | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Current income tax: | | |
| Current tax expense | 44.32 | 45.97 |
| Current tax (reversal)/expense for earlier year | (11.14) | 15.34 |
| Deferred tax: | | |
| Decrease (increase) in deferred tax assets | (89.55) | (9.48) |
| Deferred tax credit for earlier years | (1.45) | (15.72) |
| **Income tax expense reported in statement of profit and loss** | **(57.82)** | **36.11** |

The Company has accounted for the benefits under Section 80JJAA of the Income Tax Act, 1961 in respect of the years ended March 31, 2017, during the year ended March 31, 2018 as the relevant numbers and benefit were computed and crystallized only during the year ended March 31, 2018. Therefore, the current tax expense and deferred tax expense for the year ended March 31, 2018 includes a tax credit of INR 69.49 million which pertains to the accounting of the benefits, under Section 80JJAA of the Income Tax Act, 1961, in respect of the year ended March 31, 2017.

**OCI section:**

**Tax related to items recognized in OCI during in the year:**

| Particulars | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Net loss/(gain) on remeasurements of defined benefit plans | 3.70 | (4.24) |
| **Income tax charged to OCI** | **3.70** | **(4.24)** |

**Amount recognized directly in equity:**

| Particulars | March 31, 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 | - | - |
| Deferred tax: reversal of deferred tax on fixation of conversion of ROCCPs | - | 11.23 |

**Reconciliation of tax expense and the accounting profit multiplied by the tax rate**

| Particulars | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Accounting profit before income tax** | **243.99** | **146.88** |
| At the statutory income tax rate of 34.608% (March 31, 2017: 34.608%) | 84.44 | 50.83 |
| Adjustments in respect of current income tax of previous years | (11.14) | 15.34 |
| Tax impact of difference of IGAAP profit and Ind AS profit | | (14.38) |
| Utilization of previously unrecognized tax losses to reduce deferred tax expense | (1.45) | (15.72) |
| Additional temporary tax deductible in respect of benefit under section 80 JJAA of the Income Tax Act, 1961 (refer note below) | (79.26) | |
| Deduction u/s 80JJAA- New employee cost (FY 2016-17) | (23.51) | |
| Deduction u/s 80JJAA- New employee cost (FY 2017-18) | (27.87) | |
| Non-deductible expenses for tax purposes | 0.97 | 0.04 |
| **Income tax expense reported in the statement of profit and loss** | **(57.82)** | **36.11** |

The applicable statutory tax rate of the Company for financial year ended March 31, 2017 and March 31, 2018 is 34.608%. 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 34.944%.

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

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

| Particulars | March 31, 2018 | March 31,2017 | April 1, 2016 |
|---|---|---|---|
| Property, plant and equipment | (14.07) | 10.34 | 6.15 |
| Intangible assets | 9.80 | (3.99) | 3.17 |
| Defined benefit obligations | 74.92 | 59.30 | 35.62 |
| Benefit of Section 80JJAA | 79.26 | | |
| Allowance for doubtful debts – trade receivables | 6.20 | 3.11 | 2.85 |
| DTL on base value and liability component of compound financial instrument | - | - | (11.23) |
| Minimum alternative tax (MAT) credit entitlement | 7.35 | - | - |
| **Total deferred tax assets** | **163.46** | **68.76** | **36.56** |

| Reflected in the balance sheet as follows: | March 31, 2018 | March 31, 2017 | April 1, 2016 |
|---|---|---|---|
| Deferred tax assets | 177.53 | 72.75 | 47.79 |
| Deferred tax liabilities | (14.07) | (3.99) | (11.23) |
| **Deferred tax assets, net** | **163.46** | **68.76** | **36.56** |

**Reconciliation of deferred tax assets (liabilities), net:**

| Reconciliation of deferred tax assets (liabilities), net | Property, plant and equipment and investment property | Intangible assets | Defined benefit obligations | Allowance for doubtful debts – trade receivables | Deduction u/s 80JJAA | Others | Minimum Alternative Tax (MAT) credit Entitlement | Total |
|---|---|---|---|---|---|---|---|---|
| **As at April 1, 2016** | **6.15** | **3.17** | **35.62** | **2.85** | - | **(11.23)** | - | **36.56** |
| Tax income/(expense) during the period recognised in profit or loss | 4.19 | (7.16) | 27.92 | 0.26 | - | 11.23 | - | 36.44 |
| Tax income/(expense) during the period recognised in OCI | - | - | (4.24) | - | - | - | - | (4.24) |
| **As at March 31, 2017** | **10.34** | **(3.99)** | **59.30** | **3.11** | - | - | - | **68.76** |
| Tax income/(expense) during the period recognised in profit or loss | (24.41) | 13.79 | 11.92 | 3.09 | 79.26 | - | 7.35 | 91.00 |
| Tax income/(expense) during the period recognised in OCI | - | - | 3.70 | - | - | - | - | 3.70 |
| **As at March 31, 2018** | **(14.07)** | **9.80** | **74.92** | **6.20** | **79.26** | - | **7.35** | **163.46** |

**Income tax assets**

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Opening balance | 143.72 | 137.65 |
| Add: taxes paid | 93.25 | 74.63 |
| Less: Refund received during the year | (49.03) | (7.25) |
| Less: Current tax payable for the year | (33.18) | (61.31) |
| **Total** | **154.76** | **143.72** |

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

**9. Trade receivables**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Considered good | 1,176.12 | 887.31 | 738.03 |
| Considered doubtful | 17.92 | 8.98 | 8.66 |
| Less: allowance on doubtful receivable | (17.92) | (8.98) | (8.66) |
| **Total** | **1,176.12** | **887.31** | **738.03** |

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

There are no trade receivables outstanding from any related party as at the respective year ends. Trade receivable are non-interest bearing and are generally are terms of 30 to 90 days.

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

**10. Cash and cash equivalents**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **Balances with banks:** | | | |
| On current accounts | 12.71 | 0.61 | 1.07 |
| Cash on hand* | 0.05 | 0.06 | 0.03 |
| **Total** | **12.76** | **0.67** | **1.10** |

**Cash on hand and bank balances lying in various current accounts bear no interest.*

**Bank balances other than above**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Deposits with remaining maturity of more than 3 months but up to 12 months | - | 10.19 | 3.75 |
| **Total** | - | **10.19** | **3.75** |

**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 8, 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 8, 2016 | 0.47 | 0.05 | 0.52 |
| Add: Permitted receipts | - | 0.66 | 0.66 |
| Less: Permitted payments | - | 0.29 | 0.29 |
| Less: Amount deposited in Banks | 0.47 | 0.12 | 0.59 |
| **Closing cash in hand as December 31, 2016** | - | **0.30** | **0.30** |

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, in the Ministry of Finance, Department of Economic affairs number S.O. 3407(E), dated November 8, 2016. The above disclosure has been made only with respect to the year ended March 31, 2017 as required by the notification.

**11. Advances**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **Current financial assets** | | | |
| (Unsecured considered good, unless otherwise stated) | | | |
| Advances to employees | 4.20 | 4.30 | 4.64 |
| Advances to related parties* | - | - | 41.79 |
| **Total** | **4.20** | **4.30** | **46.43** |

** Advances to related parties represents the advances given to the directors of the Company in earlier years.*

**12. Other current financial assets**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Margin Money | | 67.50 | 67.50 |
| Unbilled revenue | 32.89 | 18.96 | 68.34 |
| Interest accrued on deposits | - | 0.72 | 0.02 |
| **Total** | **32.89** | **87.18** | **135.86** |

**13. Other current assets**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Prepaid expenses | 9.58 | 4.14 | 2.27 |
| Balance recoverable from government authorities | 4.42 | 0.08 | 0.58 |
| Advance to vendors | 0.91 | 0.68 | 0.60 |
| **Total** | **14.91** | **4.90** | **3.45** |

S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

14. Equity share capital

| Authorized share capital | Numbers | Amount |
|---|---|---|
| Equity shares of INR 10 each authorized | | |
| **At April 1, 2016** | 57,00,000 | 57.00 |
| Increase/(decrease) during the year | - | - |
| **At March 31, 2017** | **57,00,000** | **57.00** |
| Increase/(decrease) during the year | - | - |
| **At March 31, 2018** | **57,00,000** | **57.00** |

**Issued equity capital**

| Equity shares of INR 10 each issued | Numbers | Amount |
|---|---|---|
| **At April 1, 2016** | **16,09,873** | **16.10** |
| Issue of shares* | 11,91,793 | 11.92 |
| **At March 31, 2017** | **28,01,666** | **28.02** |
| Issue of shares | - | - |
| **At March 31, 2018** | **28,01,666** | **28.02** |

**Subscribed and paid up equity capital**

| Equity shares of INR 10 each subscribed and fully paid | Numbers | Amount |
|---|---|---|
| Subscribed and paid up share capital as at April 1, 2016 | 16,09,873 | 16.10 |
| Issue of shares* | 11,91,793 | 11.92 |
| **At March 31, 2017** | **28,01,666** | **28.02** |
| Issue of shares | - | - |
| **At March 31, 2018** | **28,01,666** | **28.02** |

**Shares held by holding Company**

Out of the equity shares issued by the Company, shares held by its holding company are as below:

| Particulars | March 31, 2018 | March 31, 2017 | April 1, 2016 |
|---|---|---|---|
| **Holding Company** | No. of shares | No. of shares | No. of shares |
| Security and Intelligence Services (India) Limited, Holding Company | 24,07,263 | 22,05,561 | - |
| | **24,07,263** | **22,05,561** | - |

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

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | | As at April 1, 2016 | |
|---|---|---|---|---|---|---|
| **Name of the shareholder** | Numbers | % holding | Numbers | % holding | Numbers | % holding |
| Securities and Intelligence Services (India) Limited | 24,07,263 | 85.92% | 22,05,561 | 78.72% | - | 0.00% |
| Jasmer Puri | 1,30,821 | 4.67% | 1,98,350 | 7.08% | 4,32,870 | 26.89% |
| Shamsher Puri | 2,63,582 | 9.41% | 3,97,755 | 14.20% | 7,83,950 | 48.70% |
| TVS Shriram Growth Fund | - | 0.00% | - | 0.00% | 3,67,665 | 22.84% |
| **Total number of shares holding more than 5%** | **28,01,666** | **100%** | **28,01,666** | **100%** | **15,84,485** | **98.43%** |

**Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

| Particulars | March 31, 2018 | March 31, 2017 | March 31, 2016 | March 31, 2015 | March 31, 2014 |
|---|---|---|---|---|---|
| | Numbers | Numbers | Numbers | Numbers | Numbers |
| Equity shares bought back | - | - | 18,360 | - | - |

*The Company had issued 953,206 nos. of Redeemable Optionally Converted Cumulative Preference Shares ("ROCCPS") to TVS Shriram Growth Fund ("TVS") on November 11, 2009 at INR 10 being the FV and INR 336 being the security premium. The tenure of ROCCPS allotted to TVS was 20 (Twenty) years from the date of allotment of the ROCCPS at which point, it was to compulsorily convert. The holder of ROCCPs have various exit options under the terms of ROCCPs and it was expected that ROCCPs will convert by March 31, 2017.

As per para 15 of Ind AS 32 '"Financial Instruments - Presentation" the issuer of the financial instrument shall classify the instrument on initial recognition as a financial liability or an equity instrument. Considering that the preference shares are compulsorily convertible into equity shares based on a variable conversion ratio, the preference shares meet the definition of financial liability. However, since the preference shares carry a very low rate of dividend (0.01%) compared to market rate on a similar borrowing the ROCCPS is a compound financial instrument.

The Preference shares along with securities premium has been discounted to present value using the interest rate applicable on the date of issue. The difference between amount received and the present value has been classified to other equity as "equity portion of ROCCPS" and balance is shown as borrowings on the date of transition (Refer note 16). The unwinding of interest based on the discount rate every year is debited to the statement of profit and loss as finance cost (Refer note 25). Subsequently, in the FY 16-17 the Company has converted 9,53,206 preference share liability to 1,191,793 equity shares of INR 10 each, i.e. in the ratio of 1:1.2503.

**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. During the year ended March 31, 2018, the Company has not issued any options on unissued share capital.

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

# Dusters Total Solutions Services Private Limited

**15. Other Equity**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Capital reserve | 17.09 | 17.09 | 17.09 |
| Equity portion on ROCCP's | - | - | 162.02 |
| Securities premium | 621.24 | 621.24 | 148.86 |
| General reserve | 10.28 | 7.56 | 7.56 |
| Employee stock option reserve | 7.07 | 8.64 | 13.39 |
| Retained earnings | 261.92 | (32.90) | (151.67) |
| Capital redemption reserve | 0.18 | 0.18 | 0.18 |
| **Total** | **917.78** | **621.81** | **197.43** |

**Capital reserve**

| | |
|---|---|
| **As at April 1, 2016** | **17.09** |
| Increase/ (decrease) during the year | - |
| **As at March 31, 2017** | **17.09** |
| Increase/ (decrease) during the year | - |
| **As at March 31, 2018** | **17.09** |

**Equity portion on ROCCP**

| | |
|---|---|
| **As at April 1, 2016** | **173.25** |
| Less: Deferred tax component on ROCCP | (11.23) |
| **Total** | **162.02** |
| Less: Conversion during the year | (162.02) |
| **As at March 31, 2017** | - |
| Increase/ (decrease) during the year | - |
| **As at March 31, 2018** | - |

**Securities premium**

| | |
|---|---|
| **As at April 1, 2016** | **148.86** |
| Add: Receipts on issue of equity shares on conversion of ROCCP's | 463.39 |
| Add: Receipts on exercise of share options | 8.99 |
| **As at March 31, 2017** | **621.24** |
| Increase/ (decrease) during the year | - |
| **As at March 31, 2018** | **621.24** |

**General reserve**

| | |
|---|---|
| **As at April 1, 2016** | **7.56** |
| Add: Transfer from retained earnings | - |
| Less: Capitalization on issue of bonus shares | - |
| **As at March 31, 2017** | **7.56** |
| Add: Transfer from retained earnings | - |
| Add: Transfer from ESOP Reserve due to expiry of vested options | 2.72 |
| Less: Capitalization on issue of bonus shares | - |
| **As at March 31, 2018** | **10.28** |

**Employee stock option reserve**

| | |
|---|---|
| **As at April 1, 2016** | **13.39** |
| Add: Compensation in respect of options granted | 4.24 |
| Less: transferred to Securities premium reserve on exercise of share options | (8.99) |
| **At March 31, 2017** | **8.64** |
| Add: Compensation in respect of options granted | 1.15 |
| Less: Transfer to General Reserve due to expiry of vested options | (2.72) |
| **At March 31, 2018** | **7.07** |

**Retained earnings**

| | |
|---|---|
| **At April 1, 2016** | **(151.67)** |
| Add: Net profit for the year | 110.77 |
| Add: Items if Other Comprehensive Income recognized directly in retained earnings | - |
| -Remeasurements of post-employment benefit obligations, net of taxes | 8.01 |
| Less: Appropriations- | |
| -Interim dividend | (0.01) |
| **At March 31, 2017** | **(32.90)** |
| Add: Net profit for the year | 301.81 |
| Add: Items of Other Comprehensive Income recognized directly in retained earnings | - |
| -Remeasurements of post-employment benefit plans directly in retained earnings | (6.99) |
| **At March 31, 2018** | **261.92** |

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

**Capital redemption reserve**

| | |
|---|---|
| **As at April 1, 2016** | **0.18** |
| Increase/ (decrease) during the year | - |
| **As at March 31, 2017** | **0.18** |
| Increase/ (decrease) during the year | - |
| **As at March 31, 2018** | **0.18** |

**Nature and purpose of reserves**

(i) **Capital reserve**

The capital reserve represents the net assets over the shares allotted by the Company consequent to Amalgamation of Amalgamation of Total Facility Management Private Limited and Dusters Hospitality Services Private Limited in the financial year ended March 31, 2009.

(ii) **Securities premium reserve**

Security premium reserve is used to record the premium on issue of shares and other securities such as debentures or bonds. The reserve is utilized in accordance with the Companies Act, 2013.

(iii) **General reserve**

The general reserve is the result of a company's transferring a certain amount of Employee Stock Option Reserve on lapse of the options granted on account of exit of the employees. The purpose of setting up a general reserve account is to meet potential future unknown liabilities. In other words, the general reserve is a free reserve which can be utilized for any purpose after fulfilling certain conditions.

(iv) **Employee stock option reserve**

The Company introduced in January 2011, the "Dusters Total Solution Employee Stock Option Plan" ('the Option Plan') to reward specific individuals in the organization for their performance to drive ownership among critical, senior professionals towards achievement of long term goals of the organization by providing avenue for significant wealth co-creation as well as to retain and attract critical senior talent with recognized potential to positively impact achievement of long-terms goals. The scheme was approved by the Board of Directors in its meeting held in March 2011 and the options are to be granted to employees of the Company.

(v) **Capital redemption reserve**

During the year ended March 31, 2016, the Company, has made the buyback of equity shares at a price of INR 503 per equity share under section 68 of the Companies Act 2013 on December 23, 2015. The buyback was made up to 1.78% of the paid-up equity share capital and free reserves of the Company as at March 31, 2015. The aggregate amount for buy back was INR 9.24 million and the Company utilized the surplus balance in securities premium of INR. 9.05 million and the share capital of INR 0.18 million. The Capital Redemption Reserve account was credited out of surplus in statement of profit and loss for INR 0.18 million being face value of shares bought back.

**16. Borrowings**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **A. Non-current borrowings** | | | |
| **Secured** | | | |
| -Vehicle loan from banks* | 1.02 | 2.09 | 3.05 |
| **Total secured borrowings** | **1.02** | **2.09** | **3.05** |
| **Unsecured** | - | - | - |
| **Total non-current borrowings** | 1.02 | **2.09** | **3.05** |
| Less: Current maturity of term loans | (1.02) | (1.07) | (0.96) |
| **Non-current borrowings** | - | **1.02** | **2.09** |
| | | | |
| **B. Current borrowings** | | | |
| **Secured** | | | |
| **From banks** | | | |
| Cash credit from HDFC bank** | - | 79.48 | 104.35 |
| Cash credit from Ratnakar bank** | 19.57 | 33.51 | 40.91 |
| Cash credit from Yes bank limited** | 24.25 | 14.56 | 89.59 |
| **Total secured borrowings** | **43.82** | **127.55** | **234.85** |
| **Unsecured** | | | |
| Liability component of compound financial instrument (ROCCPs) | | | 295.86 |
| **Total unsecured borrowings** | - | - | **295.86** |
| **Total current borrowings** | **43.82** | **127.55** | **530.71** |
| Aggregate secured loans | 44.84 | 129.64 | 237.90 |
| Aggregate unsecured loans | - | - | 295.86 |

**Notes:**

**Non-current borrowings -**

*Non-Current borrowings represent the amount received from HDFC Bank and ICICI Bank as vehicle loans. Loans are secured by hypothecation of the vehicles for which loans are obtained. There are no defaults in the repayment of the principal loan and interest amounts. The loans carry interest rate of 10.50% p.a. on the outstanding amount of loan. Repayment of loan is ranging between 36 to 60 equal monthly instalments.

**Short-term borrowings under cash credit facilities from banks represent the amount outstanding against the cash credit facilities from HDFC Bank, Yes Bank and RBL Bank. The loan carry interest of 10% to 11% per annum on outstanding amount of Cash Credit. The loans are secured by first pari passu charge on current assets of the Company.

B S R & Co. LLP BANGALORE 560 071 CHARTERED ACCOUNTANTS

**17. Provisions**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **Current** | | | |
| Gratuity (refer Note 28 for plan details) | 47.99 | 34.97 | 36.11 |
| Leave liability | 22.98 | 24.73 | 22.37 |
| **Total – Current** | **70.97** | **59.70** | **58.48** |
| **Non-current** | | | |
| Gratuity (refer Note 28 for plan details) | 34.93 | 28.43 | 27.22 |
| Leave liability | | - | - |
| **Total – Non-Current** | **34.93** | **28.43** | **27.22** |
| **Grand Total** | **105.90** | **88.13** | **85.70** |

**18. Trade payable**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **Current** | | | |
| Trade payables – others | 72.72 | 40.69 | 37.44 |
| Related parties (refer note 34) | 18.09 | 7.07 | - |
| **Total trade payables** | **90.81** | **47.76** | **37.44** |

**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 30-60 days which vary by vendor and type of service.

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 1, 2016.

For explanations on the Company's credit risk management processes, refer to note 38.

**19. Other financial liabilities**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **Current** | | | |
| Current maturity of term loans (refer note 16) | 1.02 | 1.07 | 0.96 |
| Capital creditors | 23.17 | 7.07 | 2.98 |
| Accrued expenses | 52.33 | 42.72 | 45.46 |
| Employee benefits payable | 397.78 | 339.50 | 312.11 |
| **Total current other financial liabilities** | **474.30** | **390.36** | **361.51** |
| **Total other financial liabilities** | **474.30** | **390.36** | **361.51** |

**20. Other current liabilities**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Statutory dues payable | 139.32 | 108.73 | 91.16 |
| **Total** | **139.32** | **108.73** | **91.16** |

**21. Revenue from operation**

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| Facility management services | 4,850.39 | 3,862.80 |
| **Total** | **4,850.39** | **3,862.80** |

**22. Other income**

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| Interest from deposits with banks | 0.70 | 5.60 |
| Interest on security deposits | 0.45 | 0.39 |
| **Interest income from financial assets at amortised cost** | **1.15** | **5.99** |
| Interest income on tax refunds | 9.24 | - |
| Miscellaneous income | - | 0.01 |
| **Total** | **10.39** | **6.00** |

B S R & Co. LLP BANGALORE 560 071 CHARTERED ACCOUNTANTS

**23. Cost of materials consumed**

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| Materials cost | 128.69 | 111.93 |
| Uniform and kit items | 13.68 | 10.00 |
| **Total** | **142.37** | **121.93** |

**24. Employee benefits expense**

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| Salaries, wages and bonus | 3,492.76 | 2,792.96 |
| Contribution to provident and other funds | 466.56 | 368.17 |
| Less: Government grant (refer note 32) | (45.05) | - |
| Employee share-based payment expense | 2.26 | 4.24 |
| Gratuity expense (refer note 28) | 17.05 | 17.69 |
| Leave compensation | 157.34 | 120.95 |
| Staff welfare expenses | 16.52 | 10.10 |
| **Total** | **4,107.44** | **3,314.11** |

**25. Finance costs**

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| Interest cost on financial liabilities not at fair value through profit or loss | 31.52 | 41.01 |
| Other borrowing costs | 4.17 | 1.11 |
| Interest on service tax and VAT | 2.08 | 0.56 |
| Interest on income tax | 0.09 | 0.02 |
| **Total** | **37.86** | **42.70** |

**26. Depreciation and amortization expenses**

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| Depreciation on property, plant and equipment | 39.98 | 36.46 |
| Amortization of intangible assets | 3.51 | 3.16 |
| **Total** | **43.49** | **39.62** |

**27. Other expenses**

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| Training expenses | 2.30 | 0.83 |
| Power and fuel | 3.13 | 2.46 |
| Communication expenses | 12.93 | 10.67 |
| Travelling and conveyance | 31.39 | 21.69 |
| Site maintenance expenses | 85.32 | 50.96 |
| Rent (refer note 35) | 22.66 | 21.40 |
| Rates and taxes | 1.31 | 1.52 |
| Insurance | 1.26 | 3.09 |
| Payment to auditors (refer note below) | 2.16 | 1.75 |
| Repairs and maintenance: | | |
| -Buildings | 12.69 | 15.62 |
| -Machinery | 4.60 | 3.76 |
| -Others | 0.00 | 0.04 |
| Office expenses | 23.95 | 20.71 |
| Loss on sale of plant and equipment's | 1.01 | 0.21 |
| Freight outward | 8.27 | 6.46 |
| Legal and professional fees | 24.08 | 17.40 |
| Bad and doubtful debts provided | 8.93 | 0.32 |
| Bad debt written off | 5.77 | 8.90 |
| Bank charges | 0.20 | 0.21 |
| Expense towards corporate social responsibility ("CSR") * | 1.50 | - |
| Security expenses | 20.76 | 6.79 |
| Miscellaneous expenses | 11.41 | 8.77 |
| **Total** | **285.63** | **203.56** |

B S R & Co. LLP
BANGALORE
560 071
CHARTERED ACCOUNTANTS

| Payment to auditors | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| As auditor: | | |
| Audit fee | 1.75 | 1.50 |
| Tax audit fee | 0.30 | 0.20 |
| Reimbursement of expenses | 0.11 | 0.05 |
| **Total** | **2.16** | **1.75** |

***Details of CSR expenditure**

During the year, the Company has incurred a sum of INR 1.50 million (previous year - NIL) towards CSR activity.

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects | 1.50 | - |
| (a) Gross amount required to be spent by the Company during the year | 1.33 | - |
| (b) Amount spent during the year ended March 31, 2018 | 1.50 | - |

**28. Employee benefits Obligation**

**(a) Unfunded Scheme – Leave obligations**

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

The amount of the provision of INR 22.98 million (March 31, 2017 – INR 24.73 million, April 1, 2016 INR 22.37 million) included in Note-17 is presented as current, since the Company does not have an unconditional right to defer settlement of any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave within the next 12 months. The following amount reflects leave that is not expected to be taken within the next 12 months:

| Particulars | March 31, 2018 | March 31, 2017 | April 1, 2016 |
|---|---|---|---|
| Current leave obligation not expected to be settled within next 12 months | 0.80 | - | - |

Provision for compensated absence for the earlier years was done by the company on actual basis and not on actuarial basis.

**(b) 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 an extent that a cash refund or a reduction in the future payment is available.

The expense recognized during the period towards defined contribution plans is INR 421.51 million (March 31, 2017 – INR 368.17 million) included in Note 24.

**(c) 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 gratuity plan is un-funded.

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

| Expenditure to be recognized during the period: | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| Current service cost | 12.39 | 14.47 |
| Past service cost | 1.65 | - |
| Interest cost | 3.01 | 3.22 |
| **Total amount recognised in statement of profit and loss** | **17.05** | **17.69** |
| Remeasurements | | |
| Changes in financial assumptions | (1.41) | (0.22) |
| Changes in demographic assumptions | 0.08 | 0.96 |
| Experience adjustments | 12.02 | (12.99) |
| **Total amount recognised in other comprehensive income** | **10.69** | **(12.25)** |

BSR & Co. LLP BANGALORE 560 071 CHARTERED ACCOUNTANTS

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

**Reconciliation of opening and closing balances of Defined Benefit Obligation**

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Benefit obligation at the beginning of year | 63.42 | 63.33 |
| Current service cost | 12.39 | 14.47 |
| Past service cost | 1.65 | - |
| Interest cost | 3.01 | 3.22 |
| Remeasurements gain/(loss) on defined benefit plan | 10.69 | (12.25) |
| Benefits paid | (8.21) | (5.35) |
| **Defined benefit obligation at year end** | **82.95** | **63.42** |

| Principal actuarial assumptions | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Discount rate | 7.20% | 6.55% |
| **Future salary increase** | | |
| Non-billable employees | 7.20% | 7.20% |
| Billable employees | 6.80% | 7.20% |
| **Attrition rate** | | |
| Non-billable employees | 29.24% | 31.31% |
| Billable employees | 73.26% | 73.28% |

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 | (0.78) | 0.80 | 0.76 | (0.75) |

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 recognized in the balance sheet.

**Risk exposure**

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

**Defined benefit liability:**

The expected maturity analysis of undiscounted gratuity benefits (projected plan cash flow) 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) | 47.99 | 21.62 | 19.82 | 7.00 | 96.44 |
| **March 31, 2017** | | | | | |
| Defined benefit obligations (gratuity) | 34.97 | 17.09 | 15.80 | 4.97 | 72.83 |

The weighted average duration to the payment of these cash flows for Site employees is 1.47 years.
The weighted average duration to the payment of these cash flows for Back Office employees is 3.17 years.

**29. Earnings per share (EPS)**

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

| Particulars | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Profit attributable to equity holders of the Company for basic earnings** | **301.81** | **110.76** |
| **Profit attributable to equity holders of the Company adjusted for the effect of dilution** | **301.81** | **110.76** |
| Weighted average number of Equity shares for basic EPS | 2.80 | 2.34 |
| Effect of dilution: | | 0.46 |
| **Weighted average number of Equity shares adjusted for the effect of dilution** | **2.80** | **2.80** |
| Nominal value of equity shares (INR) | 10.00 | 10.00 |
| Earnings per share | | |
| **- Basic** | **107.72** | **47.25** |
| **- Diluted** | **107.72** | **39.50** |

BSR & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

### 30. Distribution made and proposed

During the year ended March 31, 2017, the company has paid arrear of dividend on ROCCPs, aggregating INR 0.01 million at the time of conversion of such ROCCPs into equity shares.

### 31. Operating segment

| Particulars | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Revenue from Facility Management Services | 4,850.39 | 3,862.80 |
| EBITDA from Facility Management Services | 314.95 | 223.20 |

The Company is required to disclose segment information based on the 'management approach' as defined in Ind AS 108- Operating Segments, which in how the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on the analysis of the various performance indicators. In the case of the Company, the CODM reviews the results of the Company as a whole as the Company is primarily 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 two significant customers contributing more than 10%, i.e. these customers accounted for 14.02% and 12.58% for the year ended March 31, 2018 and 13.98% and 8.19% for the year ended March 31, 2017.

### 32. Government Grant

| Particulars | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Opening** | - | - |
| Add: Received during the year | 45.05 | - |
| Less: Recognized in statement of profit and loss | (45.05) | - |
| **Closing** | - | - |
| **Current** | - | - |
| **Non-current** | - | - |

The Company is availing of benefits under a government scheme - Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) wherein the Central Government is paying the employer's contribution @ 8.33% 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.

### 33. Financial instruments by category

| Particulars | March 31, 2018 | | | March 31, 2017 | | | April 1, 2016 | | |
|---|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortized cost | FVTPL | FVTOCI | Amortized cost | FVTPL | FVTOCI | Amortized cost |
| **Financial Assets:** | | | | | | | | | |
| Investments | | | | | | | | | |
| -Equity instruments | 0.03 | - | - | 0.03 | - | - | 0.03 | - | - |
| Trade receivables | - | - | 1,176.12 | - | - | 887.31 | - | - | 738.03 |
| Cash and cash equivalents | - | - | 12.76 | - | - | 0.67 | - | - | 1.10 |
| Other bank balance | | | | | | 10.19 | | | 3.75 |
| Security deposits | - | - | 12.43 | - | - | 8.97 | - | - | 9.64 |
| Advances | - | - | 4.20 | - | - | 4.30 | - | - | 46.43 |
| Other financial assets | - | - | 32.89 | - | - | 87.18 | - | - | 135.86 |
| **Total financial assets** | **0.03** | - | **1,238.40** | **0.03** | - | **998.62** | **0.03** | - | **934.81** |
| **Financial Liabilities:** | | | | | | | | | |
| Trade and other payables | - | - | 90.81 | - | - | 47.76 | - | - | 37.44 |
| Borrowings | - | - | 43.82 | - | - | 128.57 | - | - | 532.80 |
| Other financial liabilities | - | - | 474.30 | - | - | 390.36 | - | - | 361.51 |
| **Total financial liabilities** | - | - | 608.93 | - | - | 566.69 | - | - | 931.75 |

B S R & Co. LLP * BANGALORE 560 071 * CHARTERED ACCOUNTANTS

The Company has not separately disclosed the fair values for financial assets and liabilities because their carrying amounts are a reasonable approximation of the fair values.

| Particulars | March 31, 2018 | | | March 31, 2017 | | | April 1, 2016 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Level 1 input | Level 2 input | Level 3 input | Level 1 input | Level 2 input | Level 3 input | Level 1 input | Level 2 Input | Level 3 input |
| **Financial Assets:** | | | | | | | | | |
| Investments | - | - | 0.03 | - | - | 0.03 | - | - | 0.03 |
| Security deposits | | 12.43 | | | 8.97 | | | 9.64 | |
| Borrowings | | | | | 1.02 | | | 2.09 | |
| Liability component of compound financial instrument (ROCCPs) | | | | | | | | | 295.86 |

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

| Particulars | March 31, 2018 | | March 31, 2017 | | April 1, 2016 | |
|---|---|---|---|---|---|---|
| | Carrying Value | Fair Value Level 2 inputs | Carrying Value | Fair Value Level 2 inputs | Carrying Value | Fair Value Level 2 inputs |
| **Financial assets:** | | | | | | |
| Investments | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 |
| Others - Security Deposits | 12.43 | 10.35 | 8.97 | 8.10 | 9.64 | 9.64 |
| Trade receivables | 1,176.12 | 1,176.12 | 887.31 | 887.31 | 738.03 | 738.03 |
| Cash and cash equivalents | 12.76 | 12.76 | 0.67 | 0.67 | 1.10 | 1.10 |
| Bank balances other than above | - | - | 10.19 | 10.19 | 3.75 | 3.75 |
| Advances | 4.20 | 4.20 | 4.30 | 4.30 | 46.43 | 46.43 |
| Others | 32.89 | 32.89 | 87.18 | 87.18 | 135.86 | 135.86 |
| **Financial liabilities:** | | | | | | |
| Borrowings | 43.82 | 43.82 | 128.57 | 128.57 | 532.80 | 532.80 |
| Trade payables | 90.81 | 90.81 | 47.76 | 47.76 | 37.44 | 37.44 |
| Other financial liabilities | 474.30 | 424.30 | 390.36 | 390.36 | 361.51 | 361.51 |

**Valuation methodologies**
**Investments:**

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

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

| | |
|---|---|
| **As at April 1, 2016** | 0.03 |
| Acquisitions | - |
| Gains/losses recognized in profit or loss | - |
| Disposal | - |
| **As at March 31, 2017** | 0.03 |
| Acquisitions | - |
| Gains/losses recognized in profit or loss | - |
| **As at March 31, 2018** | 0.03 |
| Unrealized gains/(losses) recognized in profit and loss related to assets and liabilities | - |
| March 31, 2018 | 0.03 |
| March 31, 2017 | 0.03 |

B S R & Co. LLP * BANGALORE 560 071 * CHARTERED ACCOUNTANTS

**34. Related Party Transactions**

| Name of related parties | Nature of relationship |
|---|---|
| Total Solutions Facility Management Private Limited ("TSFMPL") | Entity with common key management person -Mr. Jasmer Puri |
| The Dusters | Firm owned by Mr. Shamsher Puri |
| Securities and Intelligence Services (India) Limited | Holding company (from August 19, 2016) |
| Terminix SIS India Pvt Limited<br>Tech SIS Limited | Fellow subsidiary |
| Retreat 'N' Style India Private Limited | Entity with common Director -Mr. Jerome Marrel (till August 19, 2016) |
| TVS Shriram Growth Fund, Chennai | Investor exercised significant control (till August 19, 2016) |

| | |
|---|---|
| Key Management Personnel and their relatives | Mr. Shamsheer Puri (Managing Director)<br>Mr. Jasmer Kewel Prakash Puri (Managing Director)<br>Mr. Dhiraj Singh (Nominee Director) (w.e.f. August 19, 2016)<br>Mr. Rituraj Kishore Sinha (Nominee Director) (w.e.f. August 19, 2016)<br>Mr. Vamshidhar Guthikonda (Nominee Director) (w.e.f. August 19, 2016)<br>Mr. Uday Singh (Nominee Director) (w.e.f. August 19, 2016)<br>Mr. Devesh Desai (Nominee Director) (w.e.f. August 19, 2016)<br>Mr. Devdas Apte (Additional Director) (w.e.f. November 21, 2017)<br>Mr. Brajesh Kumar (Additinoal Director) (w.e.f. November 21, 2017)<br>Ms. Renu Mattoo (Additional Director) (w.e.f. February 15, 2018)<br>Mr. VS Sekar (Chief Financial Officer)<br>Mr. Pradipta Mohapatra (till August 19, 2016)<br>Mr. Kunnawalkam Elayavalli Ranganathan (till August 19, 2016)<br>Mr. Chakrapany Narasimhan (till August 19, 2016)<br>Mr. Bhadranarasimham Jayaraman (till August 19, 2016)<br>Mr. Jerome Marrel (till August 19, 2016) |

| | |
|---|---|
| Persons having joint control of, or significant influence over the Company | Security & Intelligence Services (India) limited<br>Mr. Shamsheer Puri (Managing Director)<br>Mr. Jasmer Kewel Prakash Puri (Managing Director) |

As at March 31, 2016, TVS Shriram Growth Fund ('TVS'), had 367,665 equity shares and 953,206 ROCCPS. During the year, the entire ROCCPS held by TVS was converted to equity shares, pursuant to which the Company issued 1,191,793 equity shares to TVS as per the mutually agreed terms in the ratio 1:1.2503. Subsequent to the conversion, TVS sold its entire share holding of 1,559,458 equity shares to Securities and Intelligence Services (India) Limited ('SIS'). Further, 646,103 equity shares were sold by Shamsher Puri, Jasmer Puri, certain employees and other shareholders to SIS. As at the year ended March 31, 2017, SIS holds 2,205,561 equity shares, amounting to 78.72% of the equity shares in the Company and the Company is now a subsidiary of SIS. As on March 31, 2018, SIS holds 24,07,623 equity shares, thereby holding 85.92% of the equity shares in the Comapany.

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

**(I) Transactions during the year**

| Particulars | Year | Holding Company | Fellow Subsidiaries | Persons having joint control of or significant influence over the Company | Key management personnel and their relatives | Total |
|---|---|---|---|---|---|---|
| Loans and advances given/(repaid) outward | Mar-18 | - | - | - | - | - |
| | Mar-17 | - | - | - | (41.79) | (41.79) |
| Administrative expenses paid | Mar-18 | - | 0.90 | - | - | 0.90 |
| | Mar-17 | - | - | - | - | - |
| Service charges/expenses paid | Mar-18 | 19.72 | 12.87 | - | - | 32.59 |
| | Mar-17 | 2.76 | 5.76 | 0.16 | - | 8.68 |
| Service charges/other income received | Mar-18 | 0.33 | 0.35 | - | - | 0.68 |
| | Mar-17 | - | - | - | - | - |
| Salary and other benefits | Mar-18 | | | | 19.35 | 19.35 |
| | Mar-17 | | | | 18.36 | 18.36 |
| Rent paid | Mar-18 | - | 0.84 | - | - | 0.84 |
| | Mar-17 | - | - | - | - | - |

BANGALORE 560 071

**(II) Balances outstanding at end of the year**

| Particulars | Year | Holding Company | Fellow Subsidiaries | Persons having joint control of or significant influence over the Company | Key management personnel and their relatives | Total |
|---|---|---|---|---|---|---|
| Share Capital (including share premium) | Mar-18 | 24.07 | - | - | 3.94 | 28.01 |
| | Mar-17 | 22.06 | - | - | 5.96 | 28.02 |
| | Apr-16 | - | - | 3.68 | 12.17 | 15.85 |
| Other payable and accrual | Mar-18 | 16.05 | 2.04 | - | - | 18.09 |
| | Mar-17 | 1.47 | 5.60 | - | - | 7.07 |
| | Apr-16 | - | - | - | - | - |
| Loan and advances and other receivables | Mar-18 | - | - | - | - | - |
| | Mar-17 | - | - | - | - | - |
| | Apr-16 | - | - | - | 41.79 | 41.79 |

**Terms and conditions of transactions with related parties**

Transactions relating to dividends paid, subscription for new equity shares were on the same terms and conditions that applied to other shareholders.

The sales to and purchases from related parties are made on normal commercial terms and conditions and at market rates. There is no receivable from Related Party as at March 31, 2018 (March 31, 2017 - Nil, April 1, 2016 - INR 41.79 million)

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

**35. Lease**

**Operating lease commitments — Company as lessee**

Operating lease arrangements comprise of office premises. Most leases also provide a renewal clause with an escalation in lease rental which is generally higher than the expected inflation rate.

The Company has entered into cancellable and non-cancellable operating lease s for office premises and company guest house. The lease payments recognized in the Statement of Profit and Loss for the year ended March 31, 2018 is amounted to INR 22.66 million (March 31, 2017: INR 21.40 million)

| Particulars | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Total future minimum lease payments under non-cancellable operating lease are as follows: | | |
| Minimum Lease Payments: | | |
| - Not later than one year | 0.92 | 1.13 |
| - Later than one year but not later than five years | 1.51 | 0.53 |
| - Later than five years | Nil | Nil |

**36. Contingent Liabilities**

| Particulars | March 31, 2018 | March 31, 2017 | April 1, 2016 |
|---|---|---|---|
| Contingent liability - Income tax | 33.72 | 11.21 | 14.98 |
| Contingent liability - Indirect tax | 131.91 | 131.91 | 131.91 |
| | **165.63** | **143.12** | **146.89** |

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 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 crystallizes.

**37. Share based payments**

The Company introduced in January 2011, the "Dusters Total Solution Employee Stock Option Plan" ('the Option Plan') to reward specific individuals in the organization for their performance to drive ownership among critical, senior professionals towards achievement of long term goals of the organization by providing avenue for significant wealth co-creation as well as to retain and attract critical senior talent with recognized potential to positively impact achievement of long-terms goals. The scheme was approved by the Board of Directors in its meeting held in March 2011 and the options are to be granted to employees of the Company. The Option Plan provides for the creation and issue of 19,926 options, from

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

the forgone shares of the existing shareholder, that would eventually convert into equity shares of INR 10 each in the hands of the employees. The total 19,926 options were granted as at March 31, 2017 out of which 63,137 options were exercised till March 31, 2017. These options will vest annually in a graded manner as per the grant letters. In the financial year 2017 -18 there are no new grants, no options were exercised, and 23,713 options were forfeited.

The shares issuable under the Scheme will be issued out of the existing shares held by the existing promoter shareholders of the Company and hence there will be no fresh issuance on exercise of such options.
The number and weighted average exercise prices of share options under employee stock option plans are as follows:

| Particulars | For the year ended March 31, 2018 | | For the year ended March 31, 2017 | |
|---|---|---|---|---|
| | No. of options | Weighted average exercise price | No. of options | Weighted average exercise price |
| **Details of movements** | | | | |
| Options outstanding as at the beginning | 62,148 | 10 | 1,05,359 | 10 |
| Granted during the year | - | - | 19,926 | 10 |
| Exercised during the year | - | - | (63,137) | 10 |
| Lapsed/forfeited during the year | (23,713) | 10 | - | - |
| Options outstanding as at the end | **38,435** | **10** | **62,148** | **10** |
| Options exercisable as at the end | 38,435 | 10 | 51,616 | 10 |

The following table summarizes information about the options outstanding under the ESOP Plan as at March 31, 2018:

| Exercise price | No. of shares arising out of options | Weighted average fair value as on grant date | Weighted Average remaining contractual life (years) | Expected life (years) |
|---|---|---|---|---|
| 10 | 13,449 | 137 | 0.25 | 3 - 5 |
| 10 | 2,840 | 245 | 0.25 | 3 - 5 |
| 10 | 2,975 | 264 | 0.25 | 3 - 5 |
| 10 | 19,171 | 350 | 1.78 | 1 - 3 |
| | **38,435** | | **0.74** | |

The following table summarizes information about the options outstanding under the ESOP Plan as at March 31, 2017:

| Exercise price | No. of shares arising out of options | Weighted average fair value as on grant date | Weighted Average remaining contractual life (years | Expected life (years) |
|---|---|---|---|---|
| 10 | 28,903 | 137 | 0.25 | 3 - 5 |
| 10 | 4,827 | 245 | 0.25 | 3 - 5 |
| 10 | 8,492 | 264 | 0.25 | 3 - 5 |
| 10 | 19,926 | 350 | 1.78 | 1 - 3 |
| | **62,148** | | **0.74** | |

The fair value of each stock option is estimated by management on the date of grant using the Black-Scholes option pricing model with the following assumptions:

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| Expected term | 3 to 4 years | 3 to 4 years |
| Expected dividend | 0% | 0% |
| Risk free interest rates | 7% | 7% |
| Expected volatility | 20% | 20% |

The Company has accounted for the above options using the fair value method as mentioned in IND AS 102 "*Share Based Payments*". The fair value on the date of grants, has been determined based on an independent valuation. Stock compensation expense recognized during the year ended March 31, 2018 is INR 2.26 million (March 31, 2017: INR 4.24 million), including INR. 1.11 million towards ESOP granted by the parent Company. The fair value of the underlying shares of the Company is calculated through the use of Earning Method and Discounted Cash Flow method, requiring subjective assumptions which greatly affect the calculated values. The fair value of the options has been calculated using the Black-Scholes option pricing model, considering the fair value of the shares on the date of grant, the expected term of the options, an expected dividend rate on the underlying equity shares, volatility in the share price and a risk-free rate of return.

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

During the year parent Company (SIS) has granted 6,840 options to two employees of the Company.
The number and weighted average exercise prices of these grants under employee stock option plans of parent company are as follows:

| Particulars | For the year ended March 31, 2018 | | For the year ended March 31, 2017 | |
|---|---|---|---|---|
| | No. of options | Weighted average exercise price | No. of options | Weighted average exercise price |
| **Details of movements** | | | | |
| Options outstanding as at the beginning | | | - | - |
| Granted during the year | 6,840 | 1,137.85 | - | |
| Exercised during the year | - | | - | |
| Lapsed/forfeited during the year | | | - | |
| Options outstanding as at the end | **6,840** | **1,137.85** | - | |
| Options exercisable as at the end | 6,840 | 1,137.85 | - | |

The following table summarises information about the options outstanding under the ESOP Plan as at March 31, 2018:

| Exercise price | No. of shares arising out of options | Weighted average fair value as on grant date | Weighted Average remaining contractual life (years) | Expected life (years) |
|---|---|---|---|---|
| 10 | 6,840 | 1,137.85 | 2.581 | 3 – 5 |
| | **6,840** | **1,137.85** | **2.581** | |

The fair value of each stock option is estimated by management on the date of grant using the Black-Scholes option pricing model with the following assumptions:

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| Expected term | 3 to 5 years | 0 |
| Expected dividend | 0.25% | 0% |
| Risk free interest rates | 6.91% | 0% |
| Expected volatility | 30.94% | 0% |

| 2016-17 | ESOP 2011 | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | ESOPs granted in | | | | | | | |
| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | |
| Total No. of Options available under the Scheme as on April 1, 2016 | 25,565 | 23,727 | 2,256 | 21,112 | 23,064 | 9,635 | | 1,05,359 |
| Exercise Price (INR) | 10/- | 10/- | 10/- | 10/- | 10/- | 10/- | 10/- | - |
| Exercise Period (from the date of grant of the option) | 3 years | 3 years | 3 years | 3 years | 3 years | 3 years | 3 years | 3 years |
| Options Issued during the year | - | - | - | - | - | - | 19,926 | 19,926 |
| Options vested and exercised during the year* | 20,735 | 16,365 | 1,128 | 8,557 | 11,534 | 4,818 | | 63,137 |
| Outstanding Stock Options as on March 31, 2017 | 4,830 | 7,362 | 1,128 | 12,555 | 11,530 | 4,817 | 19,926 | 62,148 |

| 2017-18 | ESOP 2011 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | ESOPs granted in | | | | | | Total | |
| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
| Total No. of Options available under the Scheme as on April 1, 2017 | 4,830 | 7,362 | 1,128 | 12,555 | 11,530 | 4,817 | 19,926 | 62,148 |
| Exercise Price (INR) | 10/- | 10/- | 10/- | 10/- | 10/- | 10/- | 10/- | 10/- |
| Exercise Period (from the date of grant of the option) | 3 years | 3 years | 3 years | 3 years | 3 years | 3 years | 3 years | 3 years |
| Options forfeited/lapsed during the year | 1,990 | 5,140 | 375 | 6,996 | 5,267 | 3,189 | 756 | 23,713 |
| Outstanding Stock Options as on March 31, 2018 | 2,840 | 2,222 | 753 | 5,559 | 6,263 | 1,628 | 19,170 | 38,435 |

The weighted average share price at the date of exercise of options during the year ended March 31, 2017 was INR 539/- whereas weighted average share price at the date of exercise of options during the year ended March 31, 2018 is NIL because there is no exercise of Options.

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

## Dusters Total Solutions Services Private Limited

3 years from the date of liquidity event

| Grant | Tranche | Grant Date | Vesting Date | Expiry date | Exercise Price | Volatility | Market price | Average Life | Risk Less Interest Rate | Dividend Yield | Share Price | Call option value | Share option outstanding as at March 31, 2018 | March 31, 20 17 | April 1, 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Plan I-ESOP 2011 | Tranche I | 01-Mar-11 | 01-Apr-12 | 19-Aug-19 | 10 | 30% | 245.29 | 7.33 | 7.69% | 0.00% | 245.29 | 245.29 | 2840 | 4255 | 11985 |
| Plan I-ESOP 2011 | Tranche I | 01-Mar-11 | 01-Oct-13 | 19-Aug-19 | 10 | 30% | 245.29 | 7.33 | 7.69% | 0.00% | 245.29 | 245.29 | 0 | 575 | 3470 |
| Plan I-ESOP 2011 | Tranche I | 01-Mar-11 | 01-Mar-12 | 19-Aug-19 | 10 | 30% | 245.29 | 7.33 | 7.69% | 0.00% | 245.29 | 245.29 | 0 | 0 | 6640 |
| Plan I-ESOP 2011 | Tranche I | 01-Mar-11 | 01-Oct-12 | 19-Aug-19 | 10 | 30% | 245.29 | 7.33 | 7.69% | 0.00% | 245.29 | 245.29 | 0 | 0 | 3470 |
| | | | | | | | | | | | | | | | |
| Plan I-ESOP 2011 | Tranche I | 01-Jan-12 | 03-Aug-14 | 19-Aug-19 | 10 | 30% | 264.15 | 6.44 | 7.69% | 0.00% | 264.15 | 264.15 | 712 | 2741 | 4728 |
| Plan I-ESOP 2011 | Tranche I | 01-Jan-12 | 02-Jan-13 | 19-Aug-19 | 10 | 30% | 264.15 | 6.44 | 7.69% | 0.00% | 264.15 | 264.15 | 1271 | 2907 | 9543 |
| Plan I-ESOP 2011 | Tranche I | 01-Jan-12 | 03-Aug-13 | 19-Aug-19 | 10 | 30% | 264.15 | 6.44 | 7.69% | 0.00% | 264.15 | 264.15 | 239 | 1714 | 4728 |
| Plan I-ESOP 2011 | Tranche I | 01-Jan-12 | 01-Feb-13 | 19-Aug-19 | 10 | 30% | 264.15 | 6.44 | 7.69% | 0.00% | 264.15 | 264.15 | 0 | 0 | 4728 |
| | | | | | | | | | | | | | | | |
| Plan I-ESOP 2011 | Tranche I | 01-Oct-12 | 01-Oct-13 | 19-Aug-19 | 10 | 30% | 264.15 | 5.67 | 7.69% | 0.00% | 264.15 | 264.15 | 753 | 1128 | 2256 |
| | | | | | | | | | | | | | | | |
| Plan I-ESOP 2011 | Tranche I | 01-Jul-13 | 01-Jul-14 | 19-Aug-19 | 10 | 30% | 137.28 | 5.00 | 7.69% | 0.00% | 137.28 | 137.28 | 3526 | 10139 | 16276 |
| Plan I-ESOP 2011 | Tranche I | 01-Jul-13 | 01-Jan-15 | 19-Aug-19 | 10 | 30% | 137.28 | 5.00 | 7.69% | 0.00% | 137.28 | 137.28 | 423 | 806 | 1612 |
| Plan I-ESOP 2011 | Tranche I | 01-Jul-13 | 01-Aug-15 | 19-Aug-19 | 10 | 30% | 137.28 | 5.00 | 7.69% | 0.00% | 137.28 | 137.28 | 805 | 805 | 1612 |
| Plan I-ESOP 2011 | Tranche I | 01-Jul-13 | 01-Oct-15 | 19-Aug-19 | 10 | 30% | 137.28 | 5.00 | 7.69% | 0.00% | 137.28 | 137.28 | 805 | 805 | 1612 |
| | | | | | | | | | | | | | | | |
| Plan I-ESOP 2011 | Tranche I | 01-Apr-14 | 01-Apr-15 | 19-Aug-19 | 10 | 30% | 137.28 | 4.33 | 7.69% | 0.00% | 137.28 | 137.28 | 2604 | 3904 | 7809 |
| Plan I-ESOP 2011 | Tranche I | 01-Jul-14 | 01-Aug-15 | 19-Aug-19 | 10 | 30% | 137.28 | 4.00 | 7.69% | 0.00% | 137.28 | 137.28 | 3659 | 7626 | 15255 |
| | | | | | | | | | | | | | | | |
| Plan I-ESOP 2011 | Tranche I | 01-Jul-15 | 30-Jun-16 | 19-Aug-19 | 10 | 30% | 137.28 | 3.00 | 7.00% | 0.00% | 137.28 | 137.28 | 1628 | 4817 | 9635 |
| | | | | | | | | | | | | | | | |
| Plan I-ESOP 2011 | Tranche I | 01-Apr-16 | 31-Mar-17 | 19-Aug-19 | 10 | 30% | 350.00 | 2.33 | 7.00% | 0.00% | 480.00 | 480.00 | 8638 | 9394 | 0 |
| Plan I-ESOP 2011 | Tranche I | 01-Sep-16 | 31-Aug-17 | 19-Aug-19 | 10 | 30% | 350.00 | 3.00 | 7.00% | 0.00% | 480.00 | 480.00 | 10532 | 10532 | 0 |
| | | | | | | | | | | | | | 38435 | 62148 | 105359 |

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

**38. Financial Risk Management**

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support the financing of the operations of its subsidiaries, joint ventures and associates. The Company's principal financial assets include trade and other receivables, 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 assets and liabilities denominated in currencies other than the functional currency of the respective entities and foreign currency revenue and cash flows. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries. The Company has limited foreign currency transactions and has limited exposure to foreign currency assets and liabilities resulting in the foreign currency risk being low.

The exchange rate between the Indian Rupee and foreign currencies has fluctuated in recent years and may continue to do so in the future. Consequently, the results of the Company's operations may be affected as the Indian Rupee appreciates/depreciates against these currencies.

There are no foreign currency denominated financial assets and financial liabilities as at March 31, 2018, March 31, 2017 and March 31, 2016.

**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 which is not material.

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

| Particulars | March 31, 2018 | March 31, 2017 | April 1, 2016 |
|---|---|---|---|
| Variable rate borrowings: | | | |
| -cash credit | 43.82 | 127.55 | 234.85 |
| Fixed rate borrowings | | | |
| -Vehicle loan | 1.02 | 2.09 | 3.05 |
| ROCCPs | | | 295.86 |
| **Total borrowings** | **44.84** | **129.64** | **533.76** |

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

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

| Particulars | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Interest rates - increase by 25 basis points * | 0.11 | 0.32 |
| Interest rates - decrease by 25 basis points * | (0.11) | (0.32) |

**Holding all other variables constant*

**Credit risk**

Credit risk arises from the possibility that counterparties may not be able to settle their obligations as agreed resulting in a financial loss. To manage this, the Company periodically assesses 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. The company's trade receivables are actively monitored to review credit worthiness of customers to whom credit are granted and also avoid significant concentrations of credit risks. The primary exposure to credit risk arises from Trade receivables and Unbilled revenue amounting to INR 1,176.12 mn and INR 32.89 mn respectively as at March 31, 2018 (INR 887.31 mn and INR 18.96 mn 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 receivables. There are two customers which accounted for more than 10% of the accounts receivable as of March 31, 2018 and March 31, 2017, respectively and revenues for the year ended March 31, 2018 and March 31, 2017, respectively. There is no significant concentration of credit risk. The Company uses the ECL method to assess the loss allowance for Trade receivables and Unbilled revenue taking into account primarily the historical trends and analysis of bad debts. The company does not expect any credit risk or impairment in respect of amounts lent to its subsidiaries, associates and joint ventures. The credit risk for financial assets other than bank balances and trade receivables are considered low.

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

**Significant estimates and judgements**

**Impairment of financial assets**

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

***Financial instruments and cash deposits***

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

**Liquidity risk**

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

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

Approximately 100% of the Company's long term debt will mature in less than one year at March 31, 2018 (March 31, 2017: 51.20%, April 1, 2016: 31.48%) based on the carrying value of borrowings reflected in the financial statements. The Company has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and significant portion of short term debt maturing within 12 months can be rolled over with existing lenders. The Company believes that it has sufficient working capital and cash accruals to meet its business requirements and other obligations.

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

**As at March 31, 2018**

| Particulars | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|---|
| Borrowings | 43.82 | - | - | - | - | **43.82** |
| Trade and other payables | - | 90.81 | | - | - | **90.81** |
| Other financial liabilities | - | 362.15 | 112.15 | - | - | **474.30** |
| **Total** | **43.82** | **452.96** | **112.15** | - | - | **608.93** |

**As at March 31, 2017**

| Particulars | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|---|
| Borrowings | 127.55 | - | - | 1.02 | - | **128.57** |
| Trade and other payables | - | 47.76 | - | - | - | **47.76** |
| Other financial liabilities | - | 276.71 | 113.65 | - | - | **390.36** |
| **Total** | **127.55** | **324.47** | **113.65** | **1.02** | - | **566.69** |

**As at April 1, 2016**

| Particulars | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|---|
| Borrowings | 234.85 | - | - | 2.09 | - | **236.94** |
| ROCCPs | | | 295.86 | | | **295.86** |
| Trade and other payables | - | 37.44 | - | - | - | **37.44** |
| Other financial liabilities | - | 247.64 | 113.87 | - | - | **361.51** |
| **Total** | **234.85** | **285.08** | **409.73** | **2.09** | - | **931.75** |

The entity has the following financial assets at FVTPL which are mandatorily measured at FVTPL in accordance with the requirements of Ind AS 109.

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| **Financial Assets:** | | | |
| Investments in equity instruments | 0.03 | 0.03 | 0.03 |
| **Total Financial Assets** | **0.03** | **0.03** | **0.03** |

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

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| **Financial Assets:** | | | |
| Trade receivables | 1,176.12 | 887.31 | 738.03 |
| Advances | 4.20 | 4.30 | 46.43 |
| Others financial assets | 45.32 | 96.15 | 145.50 |
| **Total Financial Assets** | **1,225.64** | **987.76** | **929.96** |

### 39. Additional capital disclosure

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.

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Borrowings (Note 16) | 43.82 | 128.57 |
| Less: cash and cash equivalents (Note 10) | 12.76 | 0.67 |
| **Net debt** | **31.06** | **127.90** |
| Equity (Note 14) | 28.02 | 28.02 |
| Other equity (Note 15) | 917.78 | 621.81 |
| **Shareholders fund** | **945.80** | **649.83** |
| **Capital employed** | **976.86** | **777.73** |
| **Average capital employed** | 877.29 | 761.48 |
| EBITDA | 314.95 | 223.20 |
| EBIT | 271.46 | 183.58 |
| **Gearing ratio (Net debt/EBITDA)** | **0.10** | **0.57** |
| **ROACE** | **30.9%** | **24.1%** |

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.

### 40. 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 1, 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 1, 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 1, 2016 and the financial statements as at and for the year ended March 31, 2018.

**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. Ind-AS 102 Share-based Payment has not been applied to equity settled grants in share-based payment transactions that vested before April 1, 2016.

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

d. The Company has designated unquoted equity instruments held at April 1, 2016 as fair value through profit or loss investments.

B S R & Co LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

**Ind AS mandatory exemptions from retrospective application:**

**(I) Estimates**

The estimates at April 1, 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).

**(II) Classification and measurement of financial assets and liabilities**

Financial assets and liabilities have been classified and measured on the basis of facts and circumstances existing on April 1, 2016, except for liability portion of ROCCPs which has been measured based on the interest rates applicable on the date of issue.

**(III) Derecognition of financial assets**

The Company has applied the exemption available under Ind-AS 101 to apply the derecognition criteria under Ind-AS 109 prospectively for transactions occurring on or after April 1, 2016.

**(IV) Impairment of financial assets**

Ind AS 101 requires an entity to assess and determine the impairment allowance on financial assets as per Ind AS 109 using the reasonable and supportable information that is available without undue cost or effort to determine the credit risk as the date that financial instruments which were initially recognized and compared that to the credit risk at the date of transition to Ind AS. The Company has applied this exception prospectively.

**A. Reconciliation between previous GAAP and Ind AS**

Ind AS 101 First -time Adoption of Indian Accounting Standards, requires an entity to reconcile equity, total comprehensive income and cash flows for the periods. The following table represents the reconciliation from previous GAAP to Ind AS as at the periods specified below:

**i. Reconciliation of Equity**

The Company has prepared a reconciliation of equity as at April 1, 2016 and March 31, 2017 under the previous GAAP with the equity as reported in these financial statements under Ind AS, that reflects the impact of Ind AS on the components of statement of Balance sheet which is presented below:

| Nature of Adjustment | As at April 1, 2016 | As at March 31, 2017 |
|---|---|---|
| Other equity as per previous GAAP | 584.54 | 670.25 |
| Adjustment on account of: | - | - |
| (i) Security premium account | (295.86) | 148.78 |
| (ii) Equity portion of ROCCP's on conversion | | |
| (iii) Deferred tax impact on ROCCPs | (11.23) | - |
| (iv) Retained earnings | - | - |
| - Reversal on account of unbilled revenue | (38.03) | - |
| - Provision for bonus | (37.33) | - |
| - Conversion of ROCCP's | | - |
| - Others | (0.90) | (169.20) |
| (iv) Tax impact on the above adjustments (net) | 12.34 | - |
| **Other equity as per Ind AS** | **213.53** | **649.83** |

**ii. Reconciliation of profit and loss for the year ended March 31, 2017**

| Nature of Adjustment | Year ended March 31, 2017 |
|---|---|
| **Net Profit as per Previous GAAP** | 81.48 |
| Impact of changes in pattern of recognition of revenue | 23.48 |
| Finance costs – Impact arising on recognizing and measuring financial assets and financial liabilities in accordance with Ind-AS | (9.49) |
| Employee benefit expenses – actuarial gain and loss on long term defined benefits plan reclassified as OCI (net of taxes) | (12.25) |
| Depreciation and amortization expenses | 37.11 |
| Others | (0.58) |
| Deferred tax impact of Ind-AS adoption | (12.27) |
| Deferred tax impact of Interest on Preference share | 3.29 |
| **Net Profit as per Ind-AS (A)** | **110.77** |
| Other comprehensive Income (net of tax) (B) | 8.01 |
| **Total comprehensive income as reported under Ind-AS (A+B)** | **118.78** |

B S R & Co. LLP
BANGALORE
560 071
CHARTERED ACCOUNTANTS

**Footnotes to the reconciliation of reserve as at April 1, 2016 and March 31, 2017 and statement of profit or loss for the year ended March 31, 2017**

**1. Reversal of unbilled revenue and fair valuation of security deposits:**

**(a) Reversal and booking of unbilled revenue (Gratuity)**

Unbilled revenue recognised in earlier year for the expected gratuity liability payments to billable site employees was uncertain of being billed till the exit of those employees from the respective sites.

As per para 9 of Ind AS 18, revenue is measured at the fair value of the consideration received or receivable. Since, this was uncertain, unbilled revenue of INR 38.03 million as on April 1, 2016 was reversed.

**(b) Fair valuation of security deposit**

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of lease term) were recorded at their transaction value. Under Ind AS, all the financial assets are required to be recognized at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and the transaction value of the security deposit has been recognized as prepaid rent. Accordingly, INR 0.45 million is the impact on account of fair valuation.

**2. Classification of financial instruments as per Ind AS 32**

Under the previous GAAP, 953,206 preference shares were allotted by the Company to TVS Shriram Growth Fund "TVS" and was recognized as a preference share capital at a face value of INR 10 and security premium of INR 336. Whereas, as per IND AS 32, the issuer of the financial instrument shall classify the instrument on initial recognition as a financial liability or an equity instrument. Based on the terms and condition of the agreement the financial instrument was classified as compound financial instrument. Accordingly, the preference share capital of INR 9.53 million and the security premium of INR 320.28 million was reversed and classified as a financial liability recognized at fair value of INR 295.86 million on the date of transition. Out of the above INR 139.29 million was transferred to retained earnings on account re-instatement of liability from the date of issue till the date of transition.

**3. Other financial assets and deferred tax asset (net)**

**(a) Provision for Bonus and deferred tax asset thereon:**

Bonus liability of INR 37.33 million was disclosed as a contingent liability under the previous GAAP. However, the Group considers this as payable and owing to a change in the estimate as at April 1, 2016, this liability has been recorded and resultantly deferred tax asset of INR 12.34 million has also been recorded.

**(b) Rent equalization reserve:**

As per Ind AS - 17 "Leases" the lease payments under an operating lease shall be recognized as an expense on a straight-line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. As the escalation rate mentioned in the rental agreement is not in line with the inflation, the Company has recognized the operating lease on straight line basis amounting in an impact of INR .0.79 million.

**4. Other equity**

The impact on other equity of INR 350.25 million comparisons of the below Ind AS impacts

a. Unwinding of interests on long term security deposits (INR 0.45 million) - Refer note 1(b) above
b. Lease rental - Escalation impact (INR 0.45 million) - Refer note 3 (b) above
c. Reversal of unbilled revenue (INR 38.03 million) - refer note 1 (a) above
d. Provision for bonus net of deferred tax impact (INR 24.99 million) - Refer note 3 above
e. Re-statement of financial liability on the date of transition (INR 139.29 million) - Refer note 2 above
f. Reversal of security premium on account of reversal of Preference share capital - (INR 320.28 million) - Refer note 2 above
g. Equity portion of ROCCP's - (INR 162.02 million) - In accordance with the para 31 of Ind AS 32, the difference between the issue proceeds and the fair value of liability has been allocated to equity.

**5. Employee benefits payable**

Both under Previous GAAP and Ind-AS, the Company recognized 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 recognized 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 INR 12.25 million and re- measurement gain / loss on defined benefit plan net of related deferred taxes of INR 8.01 million has been recognized in the retained earnings through OCI.

**6. Finance cost**

The Preference shares along with securities premium has been discounted to present value using the interest rate. The difference between amount received and the present value has been classified to other equity as "equity portion of ROCCPS" and balance is shown as a other finance liability on the date of transition. The unwinding of interest based on the discount rate every year is debited to the statement of profit and loss as finance cost amounting to INR 6.20 million.

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

7. **Depreciation and amortization expenses**

**(a) Reversal of amortization of Goodwill on acquisition**

Under the Previous GAAP Goodwill on Business Combination was amortized over a period of 5 years, whereas as per IND AS 36 - "Impairment of assets", Goodwill on business acquisition has to annually tested for impairment. Accordingly, the Company has reversed the amortization on Goodwill amounting to INR 38.77 million and tested it for impairment. Also, the Company has created a deferred tax liability of INR 13.42 million on the reversal of amortization of goodwill considering the fact that as per Income tax Act, Goodwill is being amortised at 25% annually.

**(b) Revision of life of leasehold improvements**

Assets acquired under are depreciated over the asset's useful life, or over the shorter of the estimated useful life of the asset and the related lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term. Leasehold improvements are amortized over the shorter of estimated useful life of the asset or the related lease term. Earlier, the depreciation was charged on basis of 10 years of life which was more than the agreement period. The impact on leasehold depreciation on account of Ind AS transition is INR 1.04 million.

8. Ind AS adjustments on account of other entries are not material.

9. **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.

10. **Statement of cash flows**

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

**General points:**

- The Company is liable to Goods and Services Tax (GST) with effect from July 1, 2017. The revenue for the period July 1, 2017 to March 31, 2018 is net of GST. However, revenue for the period April 1, 2017 to June 30, 2017 and revenue for the year ended March 31, 2017 is net of service tax.
- The previous year figures have been grouped/reclassified, where necessary, to confirm with the current year's classifications.

*As per our report of even date attached*

***for*** **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration Number:101248W/W-100022

**Amrit Bhansali**
*Partner*
Membership No. 065155

Place: Bangalore
Date: May 8, 2018

*for and on behalf of the Board of Directors of*
**Dusters Total Solutions Services Private Limited**

**Shamsher Puri**
*Director*
DIN: 01483698

Place: Bangalore
Date: May 8, 2018

**Jasher Puri**
*Director*
DIN: 01423301

Place: Bangalore
Date: May 8, 2018

**V S Sekar**
*Chief Financial Officer*

Place: Bangalore
Date: May 8, 2018