

## **INDEPENDENT AUDITOR'S REPORT**

### **To The Members of Innovsource Facilities Private Limited Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Innovsource Facilities Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

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

#### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report but does not include the financial statements and our auditor's report thereon.

- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Management's Responsibility for the Financial Statements**

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibility for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

## **Reporting on comparatives in case of first Ind AS financial statements**

The comparative financial information of the Company for the year ended March 31, 2019 and the related transition date opening balance sheet as at 1 April 2018 included in these financial statements, have been prepared after adjusting previously issued the financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. The previously issued financial statement were audited by the predecessor auditor whose report for the year ended March 31, 2018 dated September 4, 2018 expressed an unmodified opinion on those financial statements. Adjustments made to the previously issued financial statements to comply with Ind AS have been audited by us.

Our opinion on the financial statements is not modified in respect of this the above matters on the comparative financial information.

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

1. As required by Section 143(3) of the Act, based on our audit on the financial statements 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 of accounts.

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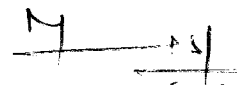
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- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm's Registration No. 117366W/W-100018



Mukesh Jain  
Partner  
Membership No.108262  
UDIN: 20108262AAAATX5862

Place: Mumbai  
Date: September 25, 2020

# **Deloitte Haskins & Sells LLP**

## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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

We have audited the internal financial controls over financial reporting of Innovsource Facilities Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("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 Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were 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.

#### **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

# **Deloitte Haskins & Sells LLP**

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, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm's Registration No. 117366W/W-100018



Mukesh Jain  
Partner  
Membership No.108262  
UDIN: 20108262AAAATX5862

Place: Mumbai  
Date: September 25, 2020

# **Deloitte Haskins & Sells LLP**

- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. The Company is a private company and hence the provision of Section 177 and second proviso to Section 188(1) of the Companies Act, 2013 are not applicable to the Company. The Company has complied with the other provisions of Section 188 of the Companies Act, 2013, where applicable, as regards the transactions with related parties. In our opinion and according to the information and explanations given to us, the Company has disclosed the details of the related party transactions in the financial statements as required by the applicable accounting standards.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants  
ICAI Firm Registration No. 117366W/W-100018



Mukesh Jain  
Partner  
Membership No.108262  
UDIN: 20108262AAAATX5862

Place: Mumbai  
Date: September 25, 2020


**Innovsource Facilities Private Limited**  
**Balance sheet at March 31, 2020**  
All amounts are ₹ in Lakhs unless otherwise stated

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
<b>Assets</b>				
<b>1 Non-current assets</b>				
a. Property, plant and equipment	3	0.73	0.18	0.23
b. Goodwill	4.2	135.90	135.90	135.90
c. Other intangible assets	4	10.12	11.56	13.00
d. Financial assets				
i. Others financial assets	5	264.82	215.37	4.12
e. Deferred tax asset (net)	6	-	-	12.04
f. Non-current tax assets (net)		107.90	53.81	0.62
<b>Total non-current assets</b>		<b>519.47</b>	<b>416.82</b>	<b>165.91</b>
<b>2 Current assets</b>				
a. Financial Assets				
i. Trade receivables	7	595.86	681.73	541.51
ii Cash and cash equivalents	8	217.79	414.76	539.83
ii Other financial assets	5	51.53	6.96	41.97
b. Current tax assets (net)		4.81	-	-
c. Other current assets	9	15.04	24.17	10.56
<b>Total current assets</b>		<b>885.03</b>	<b>1,127.62</b>	<b>1,133.87</b>
<b>Total assets</b>		<b>1,404.50</b>	<b>1,544.44</b>	<b>1,299.78</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
a. Equity share capital	10	489.00	489.00	10.00
b. Other equity	11	(58.94)	12.78	562.70
<b>Total Equity</b>		<b>430.06</b>	<b>501.78</b>	<b>572.70</b>
<b>Liabilities</b>				
<b>1 Non-Current liabilities</b>				
a. Financial liabilities				
i. Borrowings	12	-	1.00	-
b. Provisions for gratuity		304.00	240.48	28.30
<b>Total Non-current liabilities</b>		<b>304.00</b>	<b>241.48</b>	<b>28.30</b>
<b>2 Current liabilities</b>				
a. Financial liabilities				
i. Trade payables				
- Total outstanding dues of micro and small enterprises	26	-	-	-
- Total outstanding dues of creditors other than micro and small		165.54	166.95	109.16
ii. Other financial liabilities	13	313.50	413.01	354.79
b. Provisions for compensated absence		33.99	26.42	18.24
c. Other current liabilities	14	157.41	194.80	216.59
<b>Total current liabilities</b>		<b>670.44</b>	<b>801.18</b>	<b>698.78</b>
<b>Total liabilities</b>		<b>974.44</b>	<b>1,042.66</b>	<b>727.08</b>
<b>Total Equity and Liabilities</b>		<b>1,404.50</b>	<b>1,544.44</b>	<b>1,299.78</b>

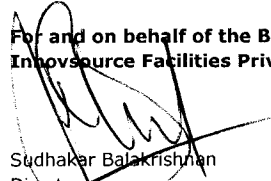
The accompanying notes are integral part of financial statements


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In terms of our report attached of even date  
**For Deloitte Haskins & Sells LLP**  
**Chartered Accountants**

  
Mukesh Jain  
Partner  
Mumbai  
Date : September 25th, 2020

**For and on behalf of the Board of Directors of**  
**Innovsource Facilities Private Limited**

  
Sudhakar Balakrishnan  
Director  
DIN - 00062956  
Mumbai  
Date : September 25th, 2020

  
Nilay Pratik  
Director  
DIN - 07692750



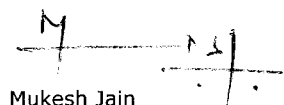
**Innovsource Facilities Private Limited**  
**Statement of profit and loss for the year ended March 31, 2020**  
**All amounts are ₹ in Lakhs unless otherwise stated**

	Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I	Revenue from operations	15	3,962.54	5,105.85
II	Other Income	16	9.14	10.67
III	<b>Total Income (I + II)</b>		<b>3,971.68</b>	<b>5,116.52</b>
IV	<b>Expenses</b>			
	Cost of material consumed		129.53	146.33
	Employee benefits expense	17	3,699.02	4,876.92
	Finance costs	18	-	5.35
	Depreciation and amortisation expense	19	1.48	1.49
	Other expenses	20	212.21	240.57
	<b>Total expenses (IV)</b>		<b>4,042.24</b>	<b>5,270.66</b>
V	<b>(Loss)/Profit before tax (III - IV)</b>		<b>(70.56)</b>	<b>(154.14)</b>
VI	Tax expenses			
	Current tax		-	-
	Reversal of tax relating to earlier years		(10.32)	-
	Deferred tax		-	12.04
			<b>(10.32)</b>	<b>12.04</b>
VII	<b>(Loss)/Profit for the year (V - VI)</b>		<b>(60.24)</b>	<b>(166.18)</b>
VIII	<b>Other comprehensive income</b>			
	<u>Items that will not be reclassified to profit or loss</u>			
	- Remeasurements of the defined benefit plans		(11.48)	95.26
IX	<b>Total comprehensive (loss)/income for the year (VII + VIII)</b>		<b>(71.72)</b>	<b>(70.92)</b>
	Earnings per equity share	22		
	Basic earnings per share (in ₹)		(1.23)	(3.49)
	Diluted earnings per share (in ₹)		(1.23)	(3.40)

The accompanying notes are integral part of financial statements

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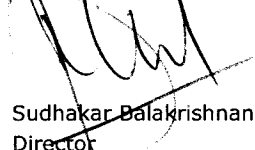
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**For Deloitte Haskins & Sells LLP**  
**Chartered Accountants**



Mukesh Jain  
Partner  
Mumbai

Date : September 25th, 2020

**For and on behalf of the Board of Directors of**  
**Innovsource Facilities Private Limited**

  
Sudhakar Balakrishnan  
Director

DIN - 00062956  
Mumbai

Date : September 25th, 2020

  
Nilay Pratik  
Director

DIN - 07692750

**Innovsource Facilities Private Limited**  
**Statement of Cashflows for the year ended March 31, 2020**  
**All amounts are ₹ in Lakhs unless otherwise stated**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax for the year	<b>(70.56)</b>	<b>(154.14)</b>
<b>Adjustments for:</b>		
Provision for doubtful trade & other receivables	-	13.62
Depreciation	1.48	1.49
Dividend on investments in mutual funds	-	(4.44)
Interest income on fixed deposits with banks	(9.14)	(6.23)
Other finance cost	-	5.35
<b>Operating profit before working capital changes</b>	<b>(78.22)</b>	<b>(144.35)</b>
Increase / (Decrease) in working capital :		
Trade receivables	85.87	(153.84)
Financials assets	(94.05)	(176.10)
Other assets	9.13	(13.61)
Trade and other payables	(1.41)	57.79
Provisions	59.61	315.62
Financials liabilities	(94.69)	53.40
Other liabilities	(37.39)	(21.79)
<b>Cash generated from operations</b>	<b>(151.15)</b>	<b>(82.88)</b>
Income taxes paid	(48.58)	(53.19)
<b>Net cash used in operating activities</b>	<b>(199.73)</b>	<b>(136.07)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipments including capital advances	(0.59)	-
Purchase of mutual fund	-	(1,285.00)
Proceeds from sale of mutual fund	-	1,289.44
Interest income on fixed deposits with banks	9.17	6.09
<b>Net cash generated from investing activities</b>	<b>8.58</b>	<b>10.53</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowing	(1.00)	(469.00)
Unsecured loans received	-	470.00
Interest paid	(4.82)	(0.53)
<b>Net cash (used in)/generated from financing activities</b>	<b>(5.82)</b>	<b>0.47</b>
<b>Net increase in cash and cash equivalents</b>	<b>(196.97)</b>	<b>(125.07)</b>
Cash and cash equivalents at the beginning of the year	414.76	539.83
<b>Cash and cash equivalents at the end of the year (refer note 8)</b>	<b>217.79</b>	<b>414.76</b>

The accompanying notes are integral part of financial statements

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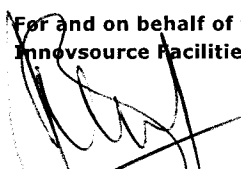
In terms of our report attached of even date

**For Deloitte Haskins & Sells LLP**  
**Chartered Accountants**




Mukesh Jain  
Partner  
Mumbai  
Date : September 25th, 2020

**For and on behalf of the Board of Directors of**  
**Innovsource Facilities Private Limited**



Sudhakar Balakrishnan  
Director  
DIN - 00062956  
Mumbai



Nilay Pratik  
Director  
DIN - 07692750

Date : September 25th, 2020

**Innovsource Facilities Private Limited**  
**Statement of changes in equity for the year ended March 31, 2020**  
**All amounts are ₹ in Lakhs unless otherwise stated**

**a. Equity share capital**

Particulars	No. of shares	Amount
<b>Balance at April 01, 2018</b>	1,00,000	10.00
Changes in equity share capital during the year	47,90,000	479.00
<b>Balance at March 31, 2019</b>	<b>48,90,000</b>	<b>489.00</b>
Changes in equity share capital during the year	-	-
<b>Balance at March 31, 2020</b>	<b>48,90,000</b>	<b>489.00</b>

**b. Other equity**

Particulars	Reserves & surplus
	Retained earnings
<b>Balance at April 01, 2018</b>	<b>83.70</b>
Share issued during the period	-
Remeasurement of defined benefits plan	95.26
(Loss)/Profit for the year	(166.18)
<b>Balance at March 31, 2019</b>	<b>12.78</b>
Share issued during the period	-
Remeasurement of defined benefits plan	(11.48)
(Loss)/Profit for the year	(60.24)
<b>Balance at March 31, 2020</b>	<b>(58.94)</b>

The accompanying notes are integral part of financial statements

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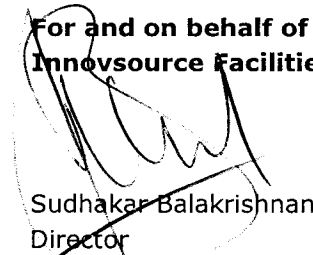
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Sudhakar Balakrishnan  
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Nilay Pratik  
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 DIN - 07692750

**Innovsource Facilities Private Limited**

**Notes to the financial statements for the year ended March 31, 2020**

**1 Corporate information**

Innovsource Facilities Private Limited (the "Company" or "IFPL") was incorporated on February 28, 2017 as a private limited company under the Companies Act, 2013 (the "Act") for providing staffing services. The Company is a subsidiary of FirstMeridian Business Services Private Limited with effect from June 28, 2018. The registered office of the Company is located at B-12, Kailash Industrial Complex, Park Site, Vikhroli West, Mumbai - 400079. The name of the ultimate holding company is Manpower Solutions Limited, Mauritius.

**2 Basis of preparation, measurement and significant accounting policies**

**2.1 Basis of preparation and measurement**

**a Statement of compliance**

- (i) The Balance Sheet of the Company as at March 31, 2020 and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash flows for the year ended March 31, 2020, summary of significant accounting policies and other financial information (together referred as 'Standalone Ind AS Financial Statements') has been prepared under Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

**Compliance with Ind AS:**

The Ind AS financial Information were authorized for issue by the Company's Board of Directors on 25 September 2020.

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) (Companies (Indian Accounting Standards) Rules, 2015) as amended and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2019 were prepared in accordance with the accounting standards notified under Companies (Accounts) Rules, 2014 as amended and other relevant provisions of the Act ("Indian GAAP" or "Previous GAAP").

Financial statements for the year ended March 31, 2020 are the first set of Ind AS financial statements issued by the Company, hence are covered by Ind AS 101, 'First Time Adoption of Indian Accounting Standards'. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ('Indian GAAP'), which is considered as the Previous GAAP, for the purposes of Ind AS 101. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2018, the Company's date of transition to Ind AS.

**b Current vs non-current classification:**

All the assets and liabilities have been classified into current and non current.

**Assets:**

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within twelve months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

**Liabilities:**

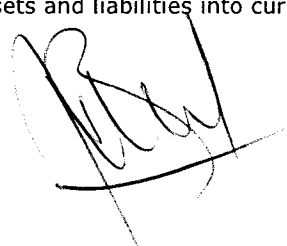
A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. 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.

**Operating cycle:**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act 2013. Based on the nature of services and the time taken between acquisition of assets/inventories for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of the classification of assets and liabilities into current and non-current.

l



## 2.1 Basis of preparation and measurement (Continued)

### c Functional and presentation currency

The functional currency of the Company is Indian Rupees (INR).

The presentation currency of the Company is Indian Rupees (INR). All figures appearing in the financial statements are rounded to the nearest lakhs, unless otherwise indicated.

### d Basis of measurement

These financial statements have been prepared on accrual and going concern basis and the historical cost convention except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Certain financial assets and liabilities measured at fair value,
- Net defined benefit (asset)/ liability - Fair value of plan assets less present value of defined benefit obligations

### e Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively in the Statement of Profit and Loss in the year in which the estimates are revised and in any future periods affected.

The areas involving critical estimates or judgements are:

- i. Measurement of defined benefit obligations; (Note 2.2(i))
- ii. Impairment test of non-financial assets (Note 2.2(c))
- iii. Recognition of deferred tax assets; (Note 2.2(l))
- iv. Recognition and measurement of provisions and contingencies; (Note 2.2(f))

### f Measurement of fair values

Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values (including Level 3 fair values). The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes.

- Financial instruments (Note 2.2 (d))

## 2.2 Significant Accounting Policies (Continued)

### c) Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an individual asset (or where applicable, that of cash generating unit (CGU) to which the asset belongs) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or CGU).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### d) 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 instruments also include derivative contracts.

#### Financial assets

##### Initial recognition and measurement

Financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument. All financial assets other than those measured subsequently at fair value through profit and loss, are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

##### Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in following categories:

- Amortized cost,
- Fair value through profit (FVTPL)
- Fair value through other comprehensive income (FVTOCI)

on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

##### Amortized cost :

A financial instrument is measured at the amortized cost if both the following conditions are met:

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

##### Fair value through profit and loss ('FVTPL'):

All financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss with all changes recognized in the Statement of Profit and Loss. Interest (basis EIR method) income from financial assets at fair value through profit or loss is recognised in the statement of profit and loss within finance income/ finance costs separately from the other gains/ losses arising from changes in the fair value.

##### Fair value through Other Comprehensive Income ('FVOCI')

Financial assets are measured at FVOCI if both the following conditions are met:

The asset is held within a business model whose objective is achieved by both  
- collecting contractual cash flows and selling financial assets and  
- contractual terms of the asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

After initial measurement, these assets are subsequently measured at fair value. Dividends, Interest income under effective interest method, foreign exchange gains and losses and impairment losses are recognized in the statement of Profit and Loss. Other net gains and losses are recognized in other comprehensive Income.

## 2.2 Significant Accounting Policies (Continued)

### d) Financial Instruments (Continued)

#### Derecognition

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

The contractual rights to receive cash flows from the financial 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.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVTPL) are recognized in the Statement of Profit and Loss. Gains and losses in respect of debt instruments measured at FVOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition.

#### Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on the financial assets measured at amortized cost and debt instruments measured at FVOCI.

Loss allowances on trade receivables are measured following the 'simplified approach' at an amount equal to the lifetime ECL at each reporting date. In respect of other financial assets, the loss allowance is measured at 12 month ECL only if there is no significant deterioration in the credit risk since initial recognition of the asset or asset is determined to have a low credit risk at the reporting date.

#### Financial liabilities

##### Initial recognition and measurement

Financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

##### Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial liabilities.

##### Financial Liabilities at Fair Value through Profit or Loss (FVTPL):

A financial liability is classified as Fair Value through Profit or Loss (FVTPL) if it is classified as held-for trading or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in statement of Profit and Loss.

##### Financial Liabilities at amortized cost:

After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortized cost using the effective interest rate ("EIR") method.

Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The amortization done using the EIR method is included as finance costs in the Statement of Profit and Loss

#### Derecognition

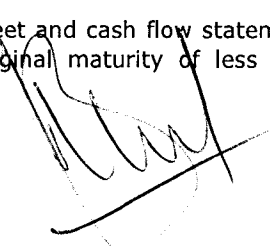
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such 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 or loss.

#### 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, or to realize the assets and settle the liabilities simultaneously.

### e) Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet and cash flow statement includes cash at bank, cash, cheque, draft on hand and demand deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.



## 2.2 Significant Accounting Policies (Continued)

### f) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognized as finance cost.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized till the realization of the income is virtually certain. However the same are disclosed in the financial statements where an inflow of economic benefit is probable.

### g) Revenue Recognition

The Company derives revenue primarily from staffing services in the segments of Workforce management, Operating asset management and Tech services.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over goods or service to a customer. The method for recognizing revenues and costs depends on the nature of the services rendered.

Revenue on time-and-material contracts are recognized as the related services are rendered and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

Revenue from fixed-price, fixed time frame contracts, where the performance obligations are satisfied overtime and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Revenues in excess of invoicing are classified as contract assets (referred to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (referred to as income received in advance).

#### a) Workforce management:

Revenue from staffing services i.e. salary and incidental expenses of temporary associates along with the service charges are recognised in accordance with the agreed terms as the related services are rendered.

Revenue from recruitment services are recognised when the candidate begins full time employment.

#### b) Operating asset management:

Revenue from facility management are at a fixed rate and are recognized as per the terms of the arrangement with the customers. Where the performance obligations are satisfied over time and control is transferred over time, revenues are recognized over time as per the percentage-of-completion.

Where the performance obligations are satisfied over time and control is transferred over time, revenues are recognized over time as per the percentage-of-completion. Certain arrangements are on time and material basis and revenues are recognised as the related services are rendered as per the terms of the arrangement with the customers. Revenues are shown net of goods and services tax and applicable discounts and allowances. The Company accounts for volume discounts and pricing incentives to customers by reducing the amount of revenue recognized at the time of sale.

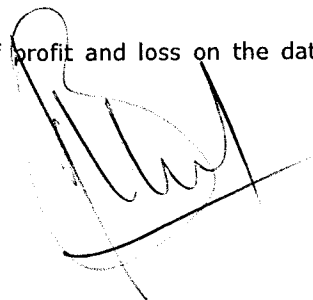
### h) Other income

#### Interest income

For all debt instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate which exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset. When calculating the 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); expected credit losses are considered if the credit risk on that financial instrument has increased significantly since initial recognition.

#### Dividend income

Dividends are recognised in the statement of profit and loss on the date on which the Company's right to receive payment is established.





## 2.2 Significant Accounting Policies (Continued)

### h) Employee Benefits

#### (i) Short-term Employee benefits

Liabilities for wages and salaries, bonus and ex gratia including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are classified as short term employee benefits and are recognized as an expense in the statement of profit and loss as the related service is provided.

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The obligation is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method.

A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (ii) Post-Employment Benefits

##### Defined Contribution Plans:

A defined contribution plan is a post-employment benefit plan under which a Company pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes contribution to provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Employee State Insurance. Contribution paid or payable in respect of defined contribution plan is recognized as an expense in the year in which services are rendered by the employee.

##### Defined Benefit Plans:

The Company's gratuity benefit scheme is a defined benefit plan. The liability is recognised in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gain losses and past service costs. The defined benefit/obligation are calculated at balance sheet date by an independent actuary using the projected unit credit method.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI).

#### i) Leases:

##### As a Lessee:

##### Transition:

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2018 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2018 i.e. date of transition to Ind AS). The cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2018. The Company has adopted Ind AS 116 using the modified retrospective method for transitioning. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application.

The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- i. the contract involves the use of an identified asset
- ii. the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- iii. the Company has the right to direct the use of the asset.

## 2.2 Significant Accounting Policies (Continued)

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The lease liability is initially measured at amortized cost at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets are presented as a separate line in the statement of financial position. The right-of-use assets are initially recognized at cost which comprises of the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

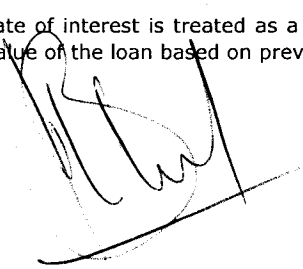
### j) Government Grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.



## 2.2 Significant Accounting Policies (Continued)

### k) Income-tax

Income tax expense /income comprises current tax expense /income and deferred tax expense /income. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in Other Comprehensive Income. In which case, the tax is also recognized directly in equity or other comprehensive income, respectively.

#### Current Tax

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the year and any adjustment to the tax payable or recoverable in respect of previous years. It is measured at the amount expected to be paid to (recovered from) the taxation authorities using the applicable tax rates and tax laws.

- Current tax assets and liabilities are offset only if, the Company has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purpose and the amount considered for tax purpose.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized such reductions are reversed when it becomes probable that sufficient taxable profits will be available.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be recovered.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the end of the reporting year.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- i) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

### l) Foreign currency

#### **Foreign currency transactions:**

Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Exchange differences arising on the settlement or translation of monetary items are recognized in profit or loss in the year in which they arise.

### m) Dividend

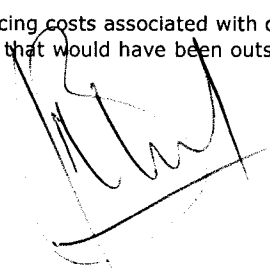
The Company recognizes a liability for any dividend declared but not distributed at the end of the reporting year, when the distribution is authorized and the distribution is no longer at the discretion of the Company on or before the end of the reporting year.

### n) Earnings per share:

Basic Earnings per share is calculated by dividing the profit or loss for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- Weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.



**o) Cash Flow Statement**

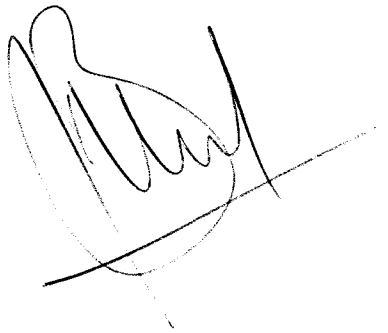
Cash flows are reported using the indirect method, whereby profit / (loss) for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. Cash flows for the year are classified by operating, investing and financing activities.

**p) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) as defined in Ind AS-108 'Operating Segments' for allocating resources and assessing performance. The Company operates in one reportable business segment i.e. "Staffing services". Further the geographic segments are not applicable since assets are only in India.

**q) Recent amendments:**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

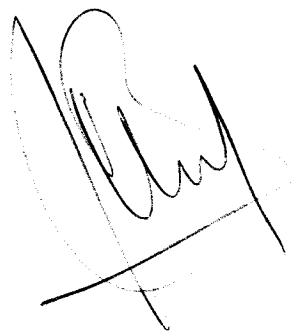
A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the bottom.A smaller handwritten signature or set of initials in black ink, appearing to be 'NC' with a horizontal line underneath.

**Innovsource Facilities Private Limited**  
**Notes forming part of the financial statements**  
**All amounts are ₹ in Lakhs unless otherwise stated**

**3 Property, plant and equipment**

Description of assets	Office equipment	Total
<b>Deemed Cost</b>		
<b>As at April 1, 2018</b>	<b>0.23</b>	<b>0.23</b>
Additions	-	-
Disposals	-	-
<b>As at March 31, 2019</b>	<b>0.23</b>	<b>0.23</b>
Additions	0.59	0.59
Disposals	-	-
<b>As at March 31, 2020</b>	<b>0.82</b>	<b>0.82</b>
<b>Depreciation</b>		
<b>As at April 1, 2018</b>	<b>0.00</b>	<b>0.00</b>
Depreciation expense for the year	0.05	0.05
Eliminated on disposal of assets	-	-
<b>As at March 31, 2019</b>	<b>0.05</b>	<b>0.05</b>
Depreciation expense for the period	0.04	0.04
Eliminated on disposal of assets	-	-
<b>As at March 31, 2020</b>	<b>0.09</b>	<b>0.09</b>
<b>As at March 31, 2020</b>	<b>0.73</b>	<b>0.73</b>
<b>As at March 31, 2019</b>	<b>0.18</b>	<b>0.18</b>
<b>As at April 1, 2018</b>	<b>0.23</b>	<b>0.23</b>

3.1 The Company has elected to use the carrying amounts (net block) measured as per the previous GAAP as deemed cost (gross block) as at April 1, 2018 (i.e. the transition date)




4 Other intangible assets

Description of assets	Right to use Trademark	Total
<b>Deemed Cost</b>		
<b>As at April 1, 2018</b>	<b>13.00</b>	<b>13.00</b>
Additions	-	-
Disposals	-	-
<b>As at March 31, 2019</b>	<b>13.00</b>	<b>13.00</b>
Additions	-	-
Disposals	-	-
<b>As at March 31, 2020</b>	<b>13.00</b>	<b>13.00</b>
<b>Depreciation</b>		
<b>As at April 1, 2018</b>	-	-
Depreciation expense for the year	1.44	1.44
Eliminated on disposal of assets	-	-
<b>As at March 31, 2019</b>	<b>1.44</b>	<b>1.44</b>
Depreciation expense for the period	1.44	1.44
Eliminated on disposal of assets	-	-
<b>As at March 31, 2020</b>	<b>2.88</b>	<b>2.88</b>
<b>As at March 31, 2020</b>	<b>10.12</b>	<b>10.12</b>
<b>As at March 31, 2019</b>	<b>11.56</b>	<b>11.56</b>
<b>As at April 1, 2018</b>	<b>13.00</b>	<b>13.00</b>

4.1 The Company has elected to use the carrying amounts (net block) measured as per the previous GAAP as deemed cost (gross block) as at April 1, 2018 (i.e. the transition date)

4.2 Intangible assets - Goodwill

**Impairment**

Carrying amount of goodwill which is allocated to the only division of Facility Management services as at 31 March 2020 is Rs. 135.9 lakhs (March 31, 2019 is Rs. 135.9 lakhs). This goodwill is acquired on account of business combination.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the only cash generating units (CGU) comprising of the Facility Management services, which benefit from the synergies of the acquisition.

The recoverable amount of a CGU is based on its value in use. The value in use is estimated using discounted cash flows over a period of 5 years. We believe 5 years to be most appropriate time scale over which to review and consider annual performance before applying a fix terminal value multiple to year end cash flow.

Operating margins and growth rates for the five year cash flow projections have been estimated based on past experience and after considering the financial budgets/ forecasts approved by management. Other key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

**Key assumptions used in the value-in-use calculations**

Assumptions	How determined
Budgeted EBITDA growth rate	Budgeted EBITDA has been based on past experience adjusted for the following: - Revenue in the Staffing service is expected to grow on account of planned growth plan and industry expansion in general. Revenue and EBITDA are factored by focused approach towards network expansion, operational efficiencies and inter group customer relationship synergies.
Terminal value growth rate	Long-term growth rate used for the purpose of calculation of terminal value has been determined by taking into account nature of business, long term inflation expectation and long term GDP expectation for the Indian economy.
Pre-tax risk adjusted discount rate	The discount rate applied to the cash flows of the Company's operations is generally based on the risk free rate for ten year bonds issued by the government in India. These rates are adjusted for a risk premium to reflect the systematic risk of the Company.

Particulars	March 31, 2020	March 31, 2019
Pre tax risk adjusted discount rate	14.52%	14.52%
Terminal value growth rate	5.00%	5.00%
Budgeted EBITDA growth rate	10-17%	10-17%

These assumptions are reviewed annually as part of management's budgeting and strategic planning cycles. These estimates may differ from actual results. The values assigned to each of the key assumptions reflect the Management's past experience as their assessment of future trends, and are consistent with external / internal sources of information.

As at 31 March 2020, the estimated receivable amount of CGU exceeds its carrying amount and accordingly, no impairment was recognised.

The Company has also performed sensitivity analysis calculations on the projections used and discount rate applied. Given the significant headroom that exists, and the results of the sensitivity analysis performed, it is concluded that there is no significant risk that reasonable changes in any key assumptions would cause the carrying value of goodwill to exceed its value in use.

Innovsource Facilities Private Limited  
Notes forming part of the financial statements  
All amounts are ₹ in Lakhs unless otherwise stated

5 Other financial assets

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
<b>Non- current</b>			
Deposit for premises	4.87	4.12	4.12
Less:- Provision for doubtful deposits	(4.12)	(4.12)	-
	0.75	-	4.12
Unbilled revenue towards reimbursable gratuity and compensated absences	264.07	215.37	-
<b>Total</b>	<b>264.82</b>	<b>215.37</b>	<b>4.12</b>
<b>Current</b>			
Advance to Employees	0.58	0.13	1.28
Unbilled revenue	50.84	6.69	8.67
Interest accrued but not due	0.11	0.14	-
Deposits to related parties	-	-	32.02
<b>Total</b>	<b>51.53</b>	<b>6.96</b>	<b>41.97</b>

6 Deferred tax asset (net)

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Deferred tax assets	-	-	12.04
Deferred tax liabilities	-	-	-
<b>Deferred tax asset (net)</b>	<b>-</b>	<b>-</b>	<b>12.04</b>

6.1 Movement in deferred tax balances

Particulars	For the year ended March 31, 2020			
	Opening balance	Recognised in profit and Loss	Recognised in OCI	Closing balance
Deferred tax (liabilities)/assets in relation to:				
<b>Net tax asset/(liabilities)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

6.2 Movement in deferred tax balances

Particulars	For the year ended March 31, 2019			
	Opening balance	Recognised in profit and Loss	Recognised in OCI	Closing balance
Deferred tax (liabilities)/assets in relation to:				
Property, plant and equipment	12.04	(12.04)	-	-
<b>Net tax asset/(liabilities)</b>	<b>12.04</b>	<b>(12.04)</b>	<b>-</b>	<b>-</b>

6.3 Refer note 21.2 on current and deferred tax

7 Trade receivables

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Unsecured, considered good	595.86	681.73	541.51
Unsecured, considered doubtful	27.71	27.71	18.21
Less: Allowance for doubtful debts (expected credit loss allowances)	(27.71)	(27.71)	(18.21)
<b>Total</b>	<b>595.86</b>	<b>681.73</b>	<b>541.51</b>

Movement of allowance of doubtful receivables

Balance as at April 01, 2018	18.21
Allowance for doubtful debts (refer note 28)	9.50
Balance as at March 31, 2019	27.71
Allowance for doubtful debts	-
Balance as at March 31, 2020	27.71

8 Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Balances with banks			
- In current account	28.65	88.04	539.18
- in other deposit accounts - original maturity of three	189.14	326.72	-
Cash on hand	-	-	0.65
<b>Total</b>	<b>217.79</b>	<b>414.76</b>	<b>539.83</b>

9 Other current assets

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Prepaid Expenses	7.56	13.26	9.85
Advance to Suppliers			
- considered good	2.32	0.42	-
Balances with Government authorities	5.16	10.49	0.71
<b>Total</b>	<b>15.04</b>	<b>24.17</b>	<b>10.56</b>

*Handwritten signature and initials*

**10 Equity share capital**

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
<b>Authorised share capital</b>			
51,00,000 Equity Shares of ₹ 10/- each	510.00	510.00	510.00
<b>Issued and subscribed capital comprises:</b>			
48,90,000 Equity Shares of ₹ 10/- each Fully Paid up	489.00	489.00	10.00
<b>Total</b>	<b>489.00</b>	<b>489.00</b>	<b>10.00</b>

**10.1 Reconciliation of equity shares outstanding at the beginning and at the end of the year :-**

Particulars	Numbers	Amount
No of shares as at 01st April 2018	1,00,000	10.00
Add:- additional shares issued during the year	47,90,000	479.00
<b>As at the end of the year 31st March 2019</b>	<b>48,90,000</b>	<b>489.00</b>
Add:- additional shares issued during the year	-	-
<b>As at the end of the year 31st March 2020</b>	<b>48,90,000</b>	<b>489.00</b>

**10.2 Terms right attached to the equity shares**

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity share will be entitled to receive any of the remaining assets of the Company, after distribution of all the preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**10.3 Details of shares held by each shareholder holding more than 5% shares**

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
<b>Fully paid equity shares</b>			
Firstmeridian Business Services Private Limited (Holding Company) and nominee	48,90,000	48,89,999	-
% Holding	100.00%	99.99%	-
Innovsource Private Limited	-	-	1,00,000
% Holding	-	-	100.00%

**10.4** The Company in the previous year 2018-19 had entered into a business purchase agreement with its erstwhile holding company, Innovsource Private Limited on April 9, 2018 to purchase holding company's facility management business. The said agreement was effective from April 1, 2017. In terms of business purchase agreement, the consideration for business purchase of Rs. 479.00 lac to be satisfied by issue of fully paid equity shares of face value of Rs. 10 each. Pending allotment, the value of equity shares to be allotted were shown as share suspense account as at 01st April, 2018. The equity shares have been duly allotted by the Company in the previous financial year 2018-19 on April 10, 2018.

**11 Other equity**

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Share application money pending allotment	-	-	479.00
Retained earnings	(58.94)	12.78	83.70
<b>Total</b>	<b>(58.94)</b>	<b>12.78</b>	<b>562.70</b>

**12 Non-current borrowings**

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Term loans from related parties (Refer note no 23.2)	-	1.00	-
<b>Total</b>	<b>-</b>	<b>1.00</b>	<b>-</b>

**12.1** Term loan was taken form related party. Interest rate on given loan is at 9% per annum and was repayable by 30th September 2020.

**13 Other current financial liabilities**

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Employee benefits payable	278.00	372.71	340.28
Deposit received	4.12	4.12	-
Interest accrued but not due on borrowings	-	4.82	-
Other current liabilities	31.38	31.36	14.51
<b>Total</b>	<b>313.50</b>	<b>413.01</b>	<b>354.79</b>

**14 Other current liabilities**

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Statutory liabilities	157.41	194.80	209.83
Others	-	-	6.76
<b>Total</b>	<b>157.41</b>	<b>194.80</b>	<b>216.59</b>



**15 Revenue from operations**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of services	3,962.54	5,105.85
<b>Total</b>	<b>3,962.54</b>	<b>5,105.85</b>

**16 Other Income**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Bank deposits (at amortised cost)	9.14	6.23
Dividend on mutual funds	-	4.44
<b>Total</b>	<b>9.14</b>	<b>10.67</b>

**17 Employee benefits expenses**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and wages	3,207.16	4,037.64
Contribution to provident and other funds	321.22	345.23
Gratuity	68.76	318.46
Staff welfare expenses	101.88	175.59
<b>Total</b>	<b>3,699.02</b>	<b>4,876.92</b>

**18 Finance Costs**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on borrowing	-	5.35
<b>Total</b>	<b>-</b>	<b>5.35</b>

**19 Depreciation and amortisation expense**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of property, plant and equipment	0.04	0.05
Amortisation of intangible assets	1.44	1.44
<b>Total</b>	<b>1.48</b>	<b>1.49</b>

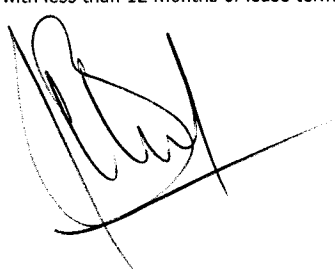
**20 Other expenses**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Auditor's remuneration	7.00	7.00
Communication expenses	0.56	0.37
Lodging and boarding expenses	2.25	3.14
Provision for doubtful trade and other receivables	-	13.62
Rent (refer note 20.2)	7.84	7.17
Professional and consultancy fees	8.50	10.77
Travelling and conveyance	25.72	31.42
Miscellaneous expenses	160.34	167.08
<b>Total</b>	<b>212.21</b>	<b>240.57</b>

**20.1 Payments to auditors**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) For Statutory audit	6.00	6.00
b) For Tax Audit	1.00	1.00
<b>Total</b>	<b>7.00</b>	<b>7.00</b>

**20.2** Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.




**Innovsource Facilities Private Limited**  
**Notes forming part of the financial statements**  
**All amounts are ₹ in Lakhs unless otherwise stated**

**21 Current tax and deferred tax**

**21 Income tax recognised in profit and loss**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Current tax:</b>		
Loss before tax	(70.56)	(154.14)
Income tax rate (incl. surcharge)	25.17%	34.94%
Income tax expense calculated (incl. surcharge)	(17.76)	(53.86)
Tax expense pertaining to earlier years	(10.32)	-
DTA not recognised (refer note 21.2)	17.76	65.90
<b>Income tax expense recognised In profit or loss</b>	<b>(10.32)</b>	<b>12.04</b>

During the year ended 31 March 2020, the Company has decided to exercise the option of lower tax rate available under Section 115BAA of the Income Tax Act, 1961, as introduced by Taxation Laws (Amendment) Ordinance, 2019, with effect from FY 2020.

**21 Deferred Tax**

The Company has not recognised deferred tax asset, of Rs. 17.76 lakhs for the year ended March 31, 2020 (Rs 65.90 lakhs for the year ended March 31, 2019) , with respect to its tax losses and other temporary differences as it is unable to quantify the probability of its off-set against estimated immediate future profits. The estimated future profits are based on estimated business plan, hence, the recognition is sensitive to the changes in the business plan.

**22 Basic earnings per share**

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Basic:</b>		
Profit for the year attributable to owners of the Company	(60.24)	(166.18)
Weighted average number of equity shares at the beginning of the year	48,90,000	1,00,000
Add: Number of equity shares issued during the year	-	46,58,767
Weighted average number of equity shares at the end of the year	48,90,000	47,58,767
Basic earnings per share	(1.23)	(3.49)
<b>Diluted:</b>		
Profit for the year attributable to owners of the Company	(60.24)	(166.18)
Weighted average number of equity shares at the beginning of the year	48,90,000	1,00,000
Add: Number of equity shares issued during the year	-	47,90,000
Weighted average number of equity shares at the end of the year	48,90,000	48,90,000
Basic and diluted earnings per share	(1.23)	(3.40)

**Innovsource Facilities Private Limited**  
**Notes forming part of the financial statements**  
**All amounts are ₹ in Lakhs unless otherwise stated**

**23 Related parties transactions**

**23.1 Names of the related parties and related party relationships**

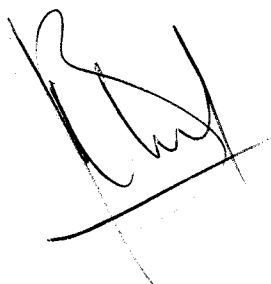
Particulars	Relationship
Manpower Solutions Limited	Ultimate Holding company
FirstMeridian Business Services Private Limited	Holding company
Innovsource Services Private Limited	Fellow subsidiary company
V5 Global Services Private Limited (w.e.f July 5, 2018)	Fellow subsidiary company
Affluent Global Services Private Limited (w.e.f September 17, 2018)	Fellow subsidiary company
<b>Key Management Personnel</b>	
Sudhakar Balakrishnan (w.e.f August 29, 2018)	Director
Nilay Pratik	Director
Manish Mehta (upto 26th August 2019)	Director
Shishir Gorle (till 27 June 2018)	Director
Raja Shekhar Reddy (till 27 June 2018)	Director

**23.2 Details of related party transactions**

Particulars	March 31, 2020	March 31, 2019
<b>Innovsource Services Private Limited</b>		
Revenue from Facility Management services	40.60	5.58
Cost of Business support services received	141.92	148.37
Transfer in of employee benefit liability on transfer of employees	15.68	-
<b>FirstMeridian Business Services Private Limited</b>		
Revenue from Facility Management services	0.35	-
Interest expense on unsecured loan	-	5.35
Loan Received	-	470.00
Repayment of loan given	1.00	469.00
Reimbursement of cost	-	40.00

**23.3 Details of related party closing balances**

Particulars	March 31, 2020	March 31, 2019
<b>Innovsource Services Private Limited</b>		
Trade receivable	18.55	0.29
Trade payable	37.44	43.18
<b>FirstMeridian Business Services Private Limited</b>		
Outstanding loan	-	1.00
Interest Accrued but not Due	-	4.82
Trade Receivable	0.41	-
Reimbursement of acquisition cost (as a part of purchase consideration)	-	429.00




**24 Segment information**

The Board of Directors have been identified as the Chief Operating Decision Maker (CODM) as defined by IND-AS 108, Operating Segment. CODM evaluates the performance of Company and allocated resources based on the analysis of various performance indicators of the Company. The CODM has identify "Staffing and allied Service" as operating segment. All the activities of the Company are revolving around Staffing and allied Services including facility management.

**25 Contingent liabilities (to the extent not provided for)**

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Claims not acknowledged as debts (refer note 25.1)	-	7.20	-

**25.1** Claims not acknowledged as debts principally relates to cases lodged by employees against the Company. It also includes cases lodged by employees against the erstwhile holding Company relating to staffing business, which are now a contingent liability for the Company in lieu of the purchase of staffing business from the erstwhile Holding Company. The management believes, based on issues involved, that no material liabilities will accrue in respect of these cases and accordingly no cash outflow is expected and the management believes that based on the nature of cases, the claims are not expected to be material.

**25.2 Provident fund**

On 28 February 2019, the Hon'ble Supreme Court of India delivered a judgment clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund (PF) contributions need to be made by establishments. The Company has been legally advised that there are various interpretative challenges on the application of the judgment retrospectively. Based on such legal advice, the management believes that it is not practicable at this stage to reliably measure the contingencies relating to amounts payable if any on potential demands relating to Provident Fund.

**26 Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act)**

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-	-

The Company has not received any intimation from the suppliers regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosure required under the Act.

**27 Employee benefits**

**i) Defined Contribution Plan**

The Company's contribution to Provident fund and other funds aggregating during the period ended march 31, 2020 is ₹ 321.22 Lakhs (and during the year ended 31 March 2019: ₹ 345.23 Lakhs) has been recognised in the statement of profit or loss under the head employee benefits expense.

**ii) Defined Benefit Plans:**

**Gratuity**

The Company's gratuity scheme for core employees is administered through a trust with the Life Insurance Corporation of India. The funding requirements are based on the gratuity funds actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purpose for which assumptions are same as set out below. Employees do not contribute to the plan. The Company has determined that, in accordance with the terms and conditions of gratuity plan, and in accordance with statutory requirements (including minimum funding requirements) of the plan, the present value of refund or reduction in future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of obligations.

**Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:**

**(1) Salary risk:**

All other aspects remaining same, higher than expected increases in salary will increase the defined benefit obligation.

**(2) Interest rate risk**

The defined benefit obligation calculated uses a discount rate based on government bonds. All other aspects remaining same, if bond yields fall, the defined benefit obligation will increase.

**(3). Demographic risk:**

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligations is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in financial analysis the retirement benefit of the short career employee typically costs less per year as compared to a long service employee.

27 Employee benefits (Continued)

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation as at	
	March 31, 2020	March 31, 2019
<b>(i). Financial assumptions</b>		
Discount rate (p.a.)	6.18%- 6.44%	7.07%-7.64%
Salary escalation rate (p.a.)	3.38%	2.62%
Rate of employee turnover (p.a.)	For service 4 years and below 31.00% p.a. & For service 4 years and above 10.00% p.a	For service 4 years and below 29.00% p.a. & For service 5 years and above 12.00% p.a
<b>(ii). Demographic assumptions</b>		
Mortality rate	Indian Assured Lives Mortality (2012-14) Ult	Indian Assured Lives Mortality (2006-08) Ult

Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Current service cost	51.22	45.45
Net interest expense	17.54	20.19
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>68.76</b>	<b>65.64</b>
Remeasurement on the net defined benefit liability		
Actuarial loss arising from changes in financial assumptions	35.60	54.13
Actuarial loss/(gain) arising from changes in demographic assumptions	10.14	(95.07)
Actuarial (gains) arising from experience adjustments	(34.28)	(54.41)
Return on plan assets (excluding amount included in net interest expense)	0.02	0.08
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>11.48</b>	<b>(95.27)</b>
<b>Total</b>	<b>80.24</b>	<b>(29.63)</b>

Notes:

- The Current service cost and the net interest expense for the period are included in the 'Employee benefits expense' line item in the statement of profit and loss.
- The remeasurement of the net defined benefits liability is included in other comprehensive income for the year ended March 31, 2020 and for the year ended March 31, 2019.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

Particulars	March 31, 2020	March 31, 2019
Present value of benefit obligation at the end of the year	305.36	242.18
Fair value of plan assets at the end of the year	(1.36)	(1.70)
<b>Unfunded status -Surplus/ (Deficit)</b>	<b>304.00</b>	<b>240.49</b>

Movement in the present value of the defined benefit obligation are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Opening of defined benefit obligation	242.18	287.19
Current service cost	51.22	45.45
Past service cost	-	-
Interest on defined benefit obligation	17.64	20.63
Remeasurements due to:		
Actuarial loss arising from change in financial assumptions	35.60	54.13
Actuarial loss / (gain) arising from change in demographic assumptions	10.14	(95.07)
Actuarial (gain) arising on account of experience changes	(34.28)	(54.41)
Benefits paid	(17.14)	(15.74)
<b>Closing of defined benefit obligation</b>	<b>305.36</b>	<b>242.18</b>

**27 Employee benefits (Continued)**

**Movement in the fair value of the plan assets are as follows:**

Particulars	As at March 31, 2020	As at March 31, 2019
Opening fair value of plan assets	1.70	6.05
Employer contribution	2.01	0.01
Interest on plan assets	0.11	0.44
Remeasurement due to:		
Return on Plan Assets , Excluding Interest Income	(0.03)	(0.09)
Benefits paid	(2.43)	(4.71)
<b>Closing of defined benefit obligation</b>	<b>1.36</b>	<b>1.70</b>

**Major category of plan assets (as a percentage of total plan assets)**

Particulars	March 31, 2020	March 31, 2019
Trust managed/Insurer managed funds	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Sensitivity Analysis**

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 1%.

Principal assumption	Impact on defined benefit obligation	
	March 31, 2020	March 31, 2019
<b>a) Discount rate</b>		
Increase by 1%	(23.55)	(16.94)
Decrease by 1%	27.30	19.57
<b>b) Salary Escalation Rate</b>		
Increase by 1%	27.35	20.38
Decrease by 1%	21.89	(17.86)
<b>c) Employee Turnover Rate</b>		
Increase by 25% (LY 1%)	4.48	8.35
Decrease by 25% (LY 1%)	(7.12)	(9.63)

**Notes:**

i) The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

ii). Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

iii) There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

**Maturity profile of defined benefit obligation:**

**Maturity Analysis of the Benefit Payments: From the Fund**

Projected benefits payable in future years from the date of reporting:

Particulars	March 31, 2020	March 31, 2019
Within 1 Year	25.13	22.47
2-5 years	111.83	90.81
6-10 years	128.10	104.28
11 years and above	328.17	300.67

**Innovsource Facilities Private Limited**  
**Notes forming part of the financial statements**  
**All amounts are ₹ in Lakhs unless otherwise stated**

**28 Financial instruments**

**28.1 Financial instruments by category**

The carrying value and fair value of financial instruments by categories are as follows:

<b>Particulars</b>	<b>Amount</b>
<b>As at March 31, 2020</b>	
<b>Financial assets measured at amortised cost</b>	
<b>Non-Current Assets</b>	
Others financial assets	264.82
<b>Current Assets</b>	
Cash and cash equivalents	217.79
Trade receivables	595.86
Other financial assets	51.53
<b>Financial Liabilities measured at amortised cost</b>	
<b>Current Liabilities</b>	
Trade payables	165.54
Other financial liabilities	313.50
<b>As at March 31, 2019</b>	
<b>Financial assets measured at amortised cost</b>	
<b>Non-Current Assets</b>	
Others financial assets	215.37
<b>Current Assets</b>	
Cash and cash equivalents	414.76
Trade receivables	681.73
Other financial assets	6.96
<b>Financial Liabilities measured at amortised cost</b>	
<b>Non-Current Liabilities</b>	
Borrowings	1.00
<b>Current Liabilities</b>	
Trade payables	166.95
Other financial liabilities	413.01
<b>As at April 1, 2018</b>	
<b>Financial assets measured at amortised cost</b>	
<b>Non-Current Assets</b>	
Others financial assets	4.12
<b>Current Assets</b>	
Cash and cash equivalents	539.83
Trade receivables	541.51
Other financial assets	41.97
<b>Financial Liabilities measured at amortised cost</b>	
<b>Current Liabilities</b>	
Trade payables	109.16
Other financial liabilities	354.79

**28.2 Capital management**

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt offset by cash and bank balances and total equity of the Company.

**28.3 Financial risk management objectives**

The company monitors and manages the financial risks to the operations of the company. These risks include market risk, credit risk, interest risk and liquidity risk.

**28 Financial instruments (Continued)**

**28.3 Financial risk management objectives (Continued)**

**A. Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Company uses its own trading records to rate its major customers. The Company's exposure to financial loss from defaults are continuously monitored.

Trade receivables consist of a large number of customers, spread across various geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

**B. Liquidity risk**

Liquidity risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash to meet obligations when due. The Company continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities.

**Maturities of financial liabilities**

Table showing maturity profile of non-derivative financial liabilities:

	<b>Upto One year</b>	<b>1-5 years</b>	<b>Total</b>
<b>March 31, 2020</b>			
Trade payables	165.54	-	<b>165.54</b>
Other financial liabilities	313.50	-	<b>313.50</b>
<b>March 31, 2019</b>			
Borrowings	-	1.00	<b>1.00</b>
Trade Payables	166.95	-	<b>166.95</b>
Other financial liabilities	413.01	-	<b>413.01</b>
<b>April 1, 2018</b>			
Borrowings	-	-	-
Trade Payables	109.16	-	<b>109.16</b>
Other financial liabilities	354.79	-	<b>354.79</b>

The above table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The contractual maturity is based on the earliest date on which the Company may be required to pay.

**C. Market risk**

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk. In the normal course of business and in accordance with our policies, we manage these risks through a variety of strategies.

**i). Currency risk**

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is domiciled in India and has its revenues and other major transactions in its functional currency i.e. INR. Accordingly the Company is not exposed to any currency risk.

**ii). Interest rate risk**

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

**28.4 Fair value of financial assets and financial liabilities that are measured at amortised cost:**

The carrying amounts of financial assets and financial liabilities measured at amortised cost approximate their fair values.



29 First-time adoption of Ind-AS

29.1 First time Ind AS adoption reconciliations

(i) Reconciliation of total equity as at March 31, 2019:

Particulars	Notes	As at March 31, 2019	As at April 01, 2018
<b>Total equity as per previous GAAP</b>		<b>493.01</b>	<b>579.03</b>
<b>Ind AS adjustments:</b>			
Provision for doubtful debts	a.	(6.33)	(6.33)
Reversal of Goodwill amortization	c.	15.10	-
<b>Total adjustments</b>		<b>8.77</b>	<b>(6.33)</b>
<b>Total equity</b>		<b>501.78</b>	<b>572.70</b>

(ii) Reconciliation of total comprehensive income for the year ended March 31, 2019:

Particulars	Notes	For the year ended March 31, 2019
<b>Profit as per previous GAAP</b>		<b>(86.02)</b>
<b>Ind AS Adjustments:</b>		
Reclassification of Actuarial Gain/(Loss)	b.	(95.26)
Reversal of Goodwill amortization	c.	15.10
<b>Total effect of transition to Ind AS</b>		<b>(80.16)</b>
<b>Profit under Ind AS</b>		<b>(166.18)</b>
Other comprehensive income (net of tax)	b.	95.26
<b>Total Comprehensive Income</b>		<b>(70.92)</b>

Note: Under previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under the previous GAAP.

29.2 Notes to reconciliation

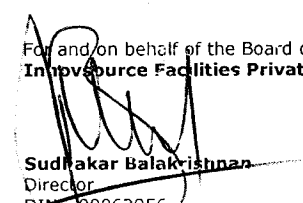
- a. The provision is made against trade receivables based on "expected credit loss" model as per Ind AS 109. Under I-GAAP the provision was made when the receivable turned doubtful based on the assessment on case to case basis.

Both under Indian GAAP and Ind AS, the Company has recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

- c. Under previous GAAP, Goodwill was amortised based on estimated useful life. Under Ind AS Goodwill having indefinite useful life is tested for impairment on transition date as well as subsequent balance sheet date and no amortization is done as it has indefinite useful life.

30 The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and other assets. In assessing the recoverability of the assets, the company has considered internal and external sources of information, available as at the date of approval of these financial results, including subsequent recoveries, credit risk profiles, etc. Based on the above assessment, the company is of the view that the carrying amounts of the assets will be realized. The impact of COVID-19 on the company's financial results may be different from that estimated as at the date of approval of these financial statements, and the company will continue to closely monitor the developments.

For and on behalf of the Board of Directors of  
Innovsource Facilities Private Limited

  
Sudhakar Balakrishnan  
Director  
DIN - 00062956  
Mumbai  
Date : September 25th, 2020

  
Nilay Pratik  
Director  
DIN - 07692750