

INDEPENDENT AUDITORS' REPORT

To the Members of DATAMATICS STAFFING SERVICES LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS Financial Statements of **DATAMATICS STAFFING SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Ind AS Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the Ind AS Financial Statements and our auditors' report thereon.

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



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

Responsibilities of Management and Those charged with Governance for the Ind AS Financial Statements

The Company's management and Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

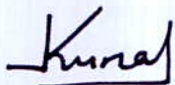
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143 (11) of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Ind AS Financial Statements.



- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Ind AS Financial Statements have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Ind AS Financial Statements.
- d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any material foreseeable losses on long-term contracts including derivatives contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

For Kanu Doshi Associates LLP
Chartered Accountants
FRN. No. 104746W/W100096



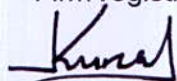
Kunal Vakharia
Partner
Membership no. 148916



Place: Mumbai
Date: May 7, 2019

- viii. According to the records of the Company examined by us and information and explanation given to us, the Company does not have any long term borrowing from Bank or Financial Institution and therefore clause (viii) of the Order is not applicable.
- ix. The Company has not raised any money by way of public issue/ further offer (including debt instruments) and through term loans during the year. Accordingly, clause 3(ix) of the order is not applicable to the Company.
- x. Based upon the audit procedures performed and information and explanation given by the management, we report that no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V to the Companies Act, 2013.
- xii. In our opinion and according to the information and explanations given to us, the nature of the activities of the company does not attract any special statute applicable to Nidhi Company. Accordingly, clause 3(xii) of the order is not applicable to the company.
- xiii. According to the information and explanation given to us, and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sec 177 and 188 of Companies Act, 2013 where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. In our opinion and according to the information and explanations given to us, and based on our examination of the records of the Company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, and based on our examination of the records of the Company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, clause 3 (xv) of the Order is not applicable to the Company.
- xvi. The company is not required to be registered under Sec 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3 (xvi) of the Order is not applicable to the Company.

For Kanu Doshi Associates LLP
Chartered Accountants
Firm registration No: 104746W/W100096



Kunal Vakharia
Partner
Membership No: 148916
Place: Mumbai
Date: May 7, 2019



ANNEXURE B TO THE AUDITORS' REPORT**Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS Financial Statements.

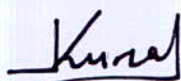
Inherent Limitations of Internal Financial Controls over Financial Reporting

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 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For Kanu Doshi Associates LLP
Chartered Accountants
Firm registration No: 104746W/W100096



Kunal Vakharia
Partner
Membership No: 148916



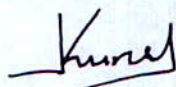
Place: Mumbai
Date: May 7, 2019

DATAMATICS STAFFING SERVICES LIMITED
Financial Statements as at year ended March 31, 2019

| Balance sheet as at | | (In INR) | |
|--|-------|--------------------|--------------------|
| Particulars | Note | Mar 31, 2019 | Mar 31, 2018 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, Plant and Equipment | 2 | 26,01,775 | 31,15,423 |
| Financial assets | | | |
| i. Other financial assets | 3 | 1,95,720 | 2,75,550 |
| Deferred tax assets | 23(b) | 16,86,846 | 8,03,031 |
| Non-current tax assets | 4 | 1,35,75,420 | 96,70,184 |
| Other non-current assets | 5 | 532 | 5,365 |
| Total non-current assets | | 1,80,60,292 | 1,38,69,552 |
| Current assets | | | |
| Financial assets | | | |
| i. Investments | 6 | 15,88,047 | 91,55,899 |
| ii. Trade receivables | 7 | 1,23,58,862 | 89,49,938 |
| iii. Cash and cash equivalents | 8 | 22,85,037 | 17,39,630 |
| iv. Bank balances other than (iii) above | 9 | 1,00,000 | 1,00,000 |
| v. Other financial assets | 10 | 2,43,139 | 3,39,342 |
| Other current assets | 11 | 12,23,368 | 3,89,361 |
| Total current assets | | 1,77,98,453 | 2,06,74,170 |
| Total Assets | | 3,58,58,745 | 3,45,43,722 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 12(a) | 10,00,000 | 70,00,000 |
| Other equity | 12(b) | 94,44,961 | 20,66,284 |
| Total equity | | 1,04,44,961 | 90,66,284 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Provisions | 13 | 31,16,374 | 26,41,219 |
| Total non-current liabilities | | 31,16,374 | 26,41,219 |
| Current liabilities | | | |
| Financial liabilities | | | |
| i. Borrowings | 14 | 1,81,00,000 | 1,81,00,000 |
| ii. Trade payables | 15 | 3,52,796 | 3,76,477 |
| Provisions | 16 | 19,14,091 | 26,21,157 |
| Other current liabilities | 17 | 19,30,523 | 17,38,584 |
| Total current liabilities | | 2,22,97,410 | 2,28,36,219 |
| Total liabilities | | 2,54,13,784 | 2,54,77,438 |
| Total Equity and Liabilities | | 3,58,58,745 | 3,45,43,722 |

As per our attached report of even date

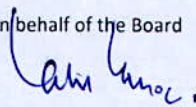
For Kanu Doshi Associates LLP
Chartered Accountants
Firm Registration No. 104746W/W100096



Kunal Vakharia
Partner
Membership No. 148916



For and on behalf of the Board


Dr. Lalit S. Kanodia
DIN 00008050
Chairman


Chandrakiran Tambe
DIN 06998703
Managing Director

Place : Mumbai
Dated : May 07, 2019

DATAMATICS STAFFING SERVICES LIMITED
Financial Statements for the year ended March 31, 2019

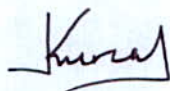
| Statement of Profit and Loss for the period ended | | (In INR) | |
|---|-------|--------------------|--------------------|
| Particulars | Note | Mar 31, 2019 | Mar 31, 2018 |
| Revenue from operations | 18 | 7,69,02,107 | 7,83,34,930 |
| Other income | 19 | 7,11,167 | 16,11,928 |
| Total income | | 7,76,13,274 | 7,99,46,858 |
| Expenses | | | |
| Employee benefit expenses | 20 | 5,92,93,359 | 6,49,56,072 |
| Finance costs | 21 | 68,269 | 26,688 |
| Depreciation and amortisation expenses | 2 | 5,13,648 | 5,02,320 |
| Other expenses | 22 | 98,94,540 | 90,07,354 |
| Total expenses | | 6,97,69,816 | 7,44,92,434 |
| Profit before tax | | 78,43,458 | 54,54,424 |
| Tax expense | | | |
| - Current tax | 23(a) | 16,90,902 | 3,75,153 |
| - MAT Credit Entilement | | - | (3,75,153) |
| - Tax adjustment for earlier years | | (10,28,293) | 1,98,425 |
| - Deferred tax | 23(b) | (2,76,112) | - |
| Total tax expenses | | 3,86,497 | 1,98,425 |
| Profit for the year | | 74,56,961 | 52,55,999 |

Statement of other comprehensive income (OCI) for the year ended March 31, 2019

| Particulars | Note | Mar 31, 2019 | Mar 31, 2018 |
|--|------|------------------|------------------|
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Actuarial gains and losses | | 37,507 | 4,07,844 |
| Tax relating to above | | (1,15,791) | - |
| | | (78,284) | 4,07,844 |
| OCI for the year | | (78,284) | 4,07,844 |
| Total comprehensive income for the year | | 73,78,677 | 56,63,843 |
| Earnings per Equity Share (of Rs. 10 each) | | | |
| Basic and Diluted | | 74.57 | 52.56 |

As per our attached report of even date

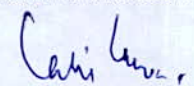
For Kanu Doshi Associates LLP
Chartered Accountants
Firm Registration No. 104746W/W100096



Kunal Vakharia
Partner
Membership No. 148916



For and on behalf of the Board



Dr. Lalit S. Kanodia
DIN 00008050
Chairman



Chandrakiran Tambe
DIN 06998703
Managing Director

Place : Mumbai
Dated : May 07, 2019

DATAMATICS STAFFING SERVICES LIMITED
Financial Statements as at year ended March 31, 2019

Statement of changes in equity for the year ended March 31, 2019

| Particulars | (In INR) | | | |
|--|-------------------------|----------------------------|----------------------------|--------------------|
| | A. Equity share capital | | B. Other equity | |
| | Retained earnings | Other comprehensive income | Capital redemption reserve | Total other equity |
| As at March 31, 2018 | 16,58,440 | 4,07,844 | - | 20,66,284 |
| Profit for the year | 74,56,961 | (78,284) | - | 73,78,677 |
| Transfer to Capital Redemption Reserve | (60,00,000) | - | 60,00,000 | - |
| As at March 31, 2019 | 31,15,401 | 3,29,560 | 60,00,000 | 94,44,961 |

As per our attached report of even date

For and on behalf of the Board

For Kanu Doshi Associates LLP
Chartered Accountants
Firm Registration No. 104746W/W100096



Kunal

Kunal Vakharia
Partner
Membership No. 148916

Lalit S. Kanodia

Dr. Lalit S. Kanodia
DIN 00008050
Chairman

Chandrakiran Tambe

Chandrakiran Tambe
DIN 06998703
Managing Director

Place : Mumbai
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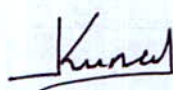
DATAMATICS STAFFING SERVICES LIMITED
Cash Flow Statement as at year ended March 31, 2019

(In INR)

| | Mar 31, 2019 | Mar 31, 2018 |
|---|--------------------|--------------------|
| A. Cash flow from operating activities | | |
| Profit before tax | 78,43,458 | 54,54,424 |
| Adjustments for : | | |
| Depreciation and amortisation expense | 5,13,648 | 5,02,320 |
| Finance cost | 68,269 | 26,688 |
| Profit on sale of investments | (4,32,148) | (89,976) |
| Dividend income | - | (2,36,737) |
| Interest income | (12,284) | (8,86,618) |
| Operating profit before working capital changes | 79,80,943 | 47,70,101 |
| Adjustments for : | | |
| Increase in trade receivables | (34,08,925) | 4,68,034 |
| Decrease / (Increase) in loans | 79,830 | 9,16,278 |
| Increase in other financial and non-financial assets | (13,40,674) | - |
| Increase in trade payables | (23,681) | - |
| Increase in other financial and non-financial liabilities | (1,18,256) | 3,39,297 |
| Cash generated from operations | 31,69,236 | 64,93,710 |
| Direct taxes paid (net) | (45,67,844) | 12,52,709 |
| Net cash flow from operating activities (A) | (13,98,608) | 77,46,419 |
| B. Cash flow from investing activities | | |
| Purchase of fixed assets / capital work-in-progress | - | (5,93,050) |
| Sale of fixed assets | - | 1,16,000 |
| Purchase / Sale of long-term investments | 80,00,000 | (88,36,737) |
| Dividend received | - | 2,36,737 |
| Interest received | 12,284 | 9,94,084 |
| Net cash flow used in investing activities (B) | 80,12,284 | (80,82,966) |
| C. Cash flow from financing activities | | |
| Redemption of Preference shares | (60,00,000) | - |
| Finance Cost | (68,269) | (26,688) |
| Net cash flow used in financing activities (C) | (60,68,269) | (26,688) |
| Net cash flow during the year (A+B+C) | 5,45,407 | (3,63,234) |
| Cash and cash equivalents at the beginning of the year | 18,39,630 | 22,02,864 |
| Net cash and cash equivalents at the end of the year | 23,85,037 | 18,39,630 |

As per our attached report of even date

For Kanu Doshi Associates LLP
Chartered Accountants
Firm Registration No. 104746W/W100096

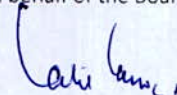


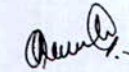
Kunal Vakharia
Partner
Membership No. 148916



Place : Mumbai
Dated : May 07, 2019

For and on behalf of the Board


Dr. Lalit S. Kanodia
DIN 00008050
Chairman


Chandrakiran Tambe
DIN 06998703
Managing Director

DATAMATICS STAFFING SERVICES LIMITED
Financial Statements as at year ended March 31, 2019

Note 1: Significant accounting policies

a) Company Overview

Datamatics Staffing Services Limited (DSSL) was incorporated on April 25, 2003 as Private Limited company. The Company has been converted to a Public Limited Company as "Datamatics Staffing Services Limited" with effect from August 23, 2013. With effect from 18th March, 2019 the company has been acquired by Datamatics Digital Limited (Holding Company). The Company is engaged into Manpower Recruitment Consultancy and Manpower Supply.

b) Significant Accounting Policies

i) Basis of Preparation of Financial Statements:

Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (IndAS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended 31 March 2018 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

First-time adoption: Due to applicability of Ind AS over Datamatics Digital Limited (Holding Company), First-time adoption of Indian Accounting Standards, in accordance with Ind AS 101 include, two balance sheets viz. the balance sheet as at 31st March, 2018 and 31st March, 2019 and each of profit and loss, cash flows and changes in equity for the years ended 31st March, 2018 and 31st March, 2019 together with related notes. The same accounting policies have been used for all periods presented.

ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- * certain financial assets and liabilities (including derivative instruments) which is measured at fair value;
- * defined benefit plans – plan assets measured at fair value

c) Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of the assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the year in which the results are known / materialized.

d) Foreign currency translation

i) Functional and presentation currency

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

ii) Transactions and balances

Transactions in foreign currency are recorded at the rates of exchange prevailing at the date of the transactions.

Monetary items denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at the balance sheet date. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Any income or expense on account of exchange difference either on settlement or on translation at the balance sheet date is recognised in the Statement of Profit and Loss in the year in which it arises.

e) Revenue recognition

Revenue from services is recognised based on time and material and billed to the clients as per the terms of the contract. In the case of fixed price contracts, revenue is recognised on periodical basis based on units executed and delivered.

Revenue / Income from sale of traded goods is recognised on dispatch of goods. Sales are exclusive of taxes, wherever applicable.

Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings are classified as unearned revenue. Discount is recognised on cash basis in accordance with the contractual term of the agreement with the customers.

Interest on deployment of funds is recognised on accrual basis. Dividend income is recognised when right to receive dividend is established. Profit on sale of investments is recognised on sale of investments.

f) Income tax

Tax expense comprise of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.



Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In the situations where Company is entitled to a tax holiday under the Income Tax Act, 1961 enacted in India, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each balance sheet date unrecognized deferred tax assets are re-assessed. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the Guidance Note on Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961.

Dividend distribution tax paid on the dividends is recognised consistently with the presentation of the transaction that creates the income tax consequence. Dividend distribution tax is recognised in equity.

g) Leases

As a lessee

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as Finance Leases. The leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating lease. Operating lease payments are recognised as expenses in the Statement of Profit and Loss.

h) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from date of purchase to be cash equivalents.

i) Cash Flow Statement

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

j) Trade receivables

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

k) Investments and other financial assets

i) Classification

The company classifies its financial assets in the following measurement categories:

- * those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- * those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The company reclassifies debt investments when and only when its business model for managing those assets changes.

ii) Measurement

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.



Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

iii) **Debt instruments**

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

* **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

* **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

* **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The company subsequently measures all equity investments at fair value (except investment in subsidiaries and joint venture which are at amortised cost). Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

iv) **Derecognition of financial assets**

A financial asset is derecognised only when

- * The company has transferred the rights to receive cash flows from the financial asset or
- * retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

v) **Income recognition**

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount of the dividend can be measured reliably.



l) Derivatives and hedging activities

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Such forward contracts are utilised against the inflow of funds under firm commitments. The Company does not use the forward contract for speculative purposes. The Company designates these hedging instruments as cash flow hedge. The use of hedging instruments is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy.

Hedging instruments are initially measured at fair value and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and the ineffective portion is recognised immediately in the Statement of Profit and Loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Statement of Profit and Loss as they arise.

The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in Other comprehensive income is retained until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is transferred to the Statement of Profit and Loss for the year.

m) Offsetting financial instruments

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

n) Property, Plant and Equipment

Property, Plant and Equipments are valued at cost, except for certain Property, Plant and Equipments which have been stated at revalued amounts as determined by approved independent valuer, after reducing accumulated depreciation until the date of the balance sheet. Direct costs are capitalised until the assets are ready to use and include financing costs relating to any specific borrowing attributable to the acquisition of fixed assets. Capital work-in-progress includes assets not put to use before the year end.

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on the Straight Line Method as per the useful life and in the manner prescribed in Schedule II to Companies Act, 2013.

o) Intangible assets

i) Goodwill

Goodwill on merger of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments.

ii) Trademarks, copyrights and other rights

Separately acquired Trademarks and copyrights are shown at historical cost. Trademarks, copyrights and noncompete acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

iii) Computer software

The intangible assets are recorded at cost and are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.



iv) **Other intangible assets**

Other intangible assets that do not meet the criteria in (i) to (iii) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

v) **Amortisation methods and periods**

The company does not have any intangible assets

p) **Trade and other payables**

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

q) **Borrowings**

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

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

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

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

r) **Borrowing costs**

Borrowing costs, which are directly attributable to the acquisition, construction or production of a qualifying assets are capitalised as a part of the cost of the assets. Other borrowing costs are recognised as expenses in the year in which they are incurred.

s) **Provision, Contingent Liabilities and Contingent Assets**

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current best estimates.

Contingent Assets are neither recognised nor disclosed.

t) **Employee benefits**

i) **Defined Contribution Plan**

Contribution to defined contribution plans are recognised as expense in the Statement of Profit and Loss, as they are incurred.

ii) **Defined Benefit Plan**

Company's liabilities towards gratuity and leave encashment are determined using the projected unit credit method as at Balance Sheet date. Actuarial gains / losses are recognised immediately in the Statement of Profit and Loss. Long-term compensated absences are provided for based on actuarial valuation.



u) **Contributed equity**

Equity shares are classified as equity.

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

v) **Earnings per share**

In determining Earnings per Share, the Company considers the net profit attributable to company's owners. The number of shares used in computing basic Earnings per Share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted Earnings per Share comprises the weighted average shares considered for deriving basic Earnings per Share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

w) **Recent Indian Accounting Standards (Ind AS)**

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified following new and amendments to Ind AS which the Company has not applied as they are effective from April 1, 2019.

Ind AS - 116 : Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116, effective annual reporting period beginning April 1, 2019. The Company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application. Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using lessee's incremental borrowing rate as at April 1, 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which underlying asset is of low value.

With effect from April 1, 2019, the Company will recognise new assets and liabilities for its operating lease of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to a) amortisation charge for right-to-use asset, and b) interest accrued on lease liability.

Ind AS 12 : Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. The amendment does not amend the situations where the entity pays a tax on dividend which is effectively a portion of dividend paid to taxation authorities on behalf of shareholders.

Ind AS 109 : Prepayment features with negative compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost even in case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 : Plan amendment, curtailment or settlement

The amendment clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

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| Particulars | (In INR) | | | | | | | Total |
|--|------------------|---------------------------------|-----------------|--------------------------|------------------|-------------------------|----------------------------|--------------|
| | BUILDINGS | FURNITURE & FIXTURES | VEHICLES | OFFICE EQUIPMENTS | COMPUTERS | AIR CONDITIONERS | ELECTRICAL FITTINGS | |
| Gross block | | | | | | | | |
| As at March 31, 2017 | 24,95,825 | 12,27,459 | 9,49,117 | 1,95,710 | 19,81,790 | 5,44,932 | 47,740 | 74,42,573 |
| Additions | - | - | - | 33,050 | 5,60,000 | - | - | 5,93,050 |
| Disposals | - | - | (9,49,117) | - | - | - | - | (9,49,117) |
| As at March 31, 2018 | 24,95,825 | 12,27,459 | - | 2,28,760 | 25,41,790 | 5,44,932 | 47,740 | 70,86,506 |
| Additions | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| As at March 31, 2019 | 24,95,825 | 12,27,459 | - | 2,28,760 | 25,41,790 | 5,44,932 | 47,740 | 70,86,506 |
| | | | | | | | | |
| Particulars | BUILDINGS | FURNITURE & FIXTURES | VEHICLES | OFFICE EQUIPMENTS | COMPUTERS | AIR CONDITIONERS | ELECTRICAL FITTINGS | Total |
| Accumulated depreciation | | | | | | | | |
| As at March 31, 2017 | 4,22,068 | 6,32,220 | 8,12,207 | 1,78,726 | 19,73,562 | 3,44,652 | 28,420 | 43,91,855 |
| Depreciation charge during the year | 89,365 | 1,40,998 | 1,10,886 | 17,115 | 56,656 | 80,849 | 6,452 | 5,02,321 |
| Disposals | - | - | (9,23,093) | - | - | - | - | (9,23,093) |
| As at March 31, 2018 | 5,11,433 | 7,73,218 | - | 1,95,841 | 20,30,218 | 4,25,501 | 34,872 | 39,71,083 |
| Depreciation charge during the year | 89,365 | 1,40,996 | - | 8,787 | 1,87,199 | 80,849 | 6,452 | 5,13,648 |
| Disposals | - | - | - | - | - | - | - | - |
| As at March 31, 2019 | 6,00,798 | 9,14,214 | - | 2,04,628 | 22,17,417 | 5,06,350 | 41,324 | 44,84,731 |
| Net carrying amount as at March 31, 2019 | 18,95,027 | 3,13,245 | - | 24,132 | 3,24,373 | 38,582 | 6,416 | 26,01,775 |
| Net carrying amount as at March 31, 2018 | 19,84,392 | 4,54,241 | - | 32,919 | 5,11,572 | 1,19,431 | 12,868 | 31,15,423 |



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| Note 3 - Other non-current financial assets | | |
|--|---------------------|---------------------|
| | (In INR) | |
| Particulars | Mar 31, 2019 | Mar 31, 2018 |
| Unsecured, Considered good unless otherwise specified- Security deposits | 1,95,720 | 2,75,550 |
| Total | 1,95,720 | 2,75,550 |
| Note 4 - Other non-current tax assets | | |
| | (In INR) | |
| Particulars | Mar 31, 2019 | Mar 31, 2018 |
| Provision for Income tax | (17,61,256) | (3,75,153) |
| Advance Tax | 1,53,36,676 | 1,00,45,337 |
| Total | 1,35,75,420 | 96,70,184 |
| Note 5 - Other non-current assets | | |
| | (In INR) | |
| Particulars | Mar 31, 2019 | Mar 31, 2018 |
| Prepaid expenses | 532 | 5,365 |
| Total | 532 | 5,365 |
| Note 6 - Current investments | | |
| | (In INR) | |
| Particulars | Mar 31, 2019 | Mar 31, 2018 |
| Investment in Liquid Funds | | |
| Quoted (at FVTPL) | | |
| 1557.185 (P.Y. 8977.955) units of HDFC Liquid Funds Reinvest Daily Div (Face Value of INR 1019.82/- each) (NAV INR 1019.82) (P.Y. 1019.82) | 15,88,047 | 91,55,899 |
| Total | 15,88,047 | 91,55,899 |
| Note 7 - Trade receivables | | |
| | (In INR) | |
| Particulars | Mar 31, 2019 | Mar 31, 2018 |
| Unsecured | | |
| Considered Good | 1,23,58,862 | 89,49,938 |
| Considered doubtful | 7,54,617 | 7,54,617 |
| | 1,31,13,479 | 97,04,555 |
| Less :- Allowance for Expected Credit Loss | 7,54,617 | 7,54,617 |
| Total | 1,23,58,862 | 89,49,938 |
| Note 8 - Cash and cash equivalents | | |
| | (In INR) | |
| Particulars | Mar 31, 2019 | Mar 31, 2018 |
| Bank balances | 22,17,429 | 16,78,046 |
| Cash on hand | 67,608 | 61,584 |
| Total | 22,85,037 | 17,39,630 |
| Note 9 - Other bank balances | | |
| | (In INR) | |
| Particulars | Mar 31, 2019 | Mar 31, 2018 |
| Margin money deposits | 1,00,000 | 1,00,000 |
| Total | 1,00,000 | 1,00,000 |
| Note 10 - Other current financial assets | | |
| | (In INR) | |
| Particulars | Mar 31, 2019 | Mar 31, 2018 |
| Unsecured, Considered good unless otherwise specified- Advance to Employees | - | 40,000 |
| Security Deposits | 2,37,035 | 2,84,675 |
| Interest Accrued on Fixed Deposit | 6,104 | 14,667 |
| Total | 2,43,139 | 3,39,342 |
| Note 11 - Other current assets | | |
| | (In INR) | |
| Particulars | Mar 31, 2019 | Mar 31, 2018 |
| Prepaid expenses | 12,23,368 | 3,89,361 |
| Total | 12,23,368 | 3,89,361 |



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Note 12 - Share capital and other equity

12(a) - Equity share capital

(i) Authorised share capital of face value of Rs. 10/- each

| Particulars | Number of shares | In INR |
|----------------------|------------------|-------------|
| As at March 31, 2018 | 10,00,000 | 1,00,00,000 |
| As at March 31, 2019 | 10,00,000 | 1,00,00,000 |

Authorised 8% optionally convertible non cumulative redeemable preference share capital of face value of Rs. 100/- each

| Particulars | Number of shares | In INR |
|----------------------|------------------|-------------|
| As at March 31, 2018 | 4,00,000 | 4,00,00,000 |
| As at March 31, 2019 | 4,00,000 | 4,00,00,000 |

Issued, Subscribed and Paid-up equity share capital of face value of Rs. 10/- each

| Particulars | Number of shares | In INR |
|----------------------|------------------|-----------|
| As at March 31, 2018 | 1,00,000 | 10,00,000 |
| As at March 31, 2019 | 1,00,000 | 10,00,000 |

Issued, Subscribed and Paid-up 8% optionally convertible non cumulative redeemable preference share capital of face value of Rs. 100/- each

| Particulars | Number of shares | In INR |
|----------------------------|------------------|-----------|
| As at March 31, 2018 | 60,000 | 60,00,000 |
| Redemption during the year | 60,000 | 60,00,000 |
| As at March 31, 2019 | - | - |

(ii) Movements in 8% optionally convertible non cumulative redeemable preference share capital

| Particulars | Number of shares | In INR |
|--|------------------|-----------|
| As at March 31, 2018 | 60,000 | 60,00,000 |
| Redemption of Preference shares at par | 60,000 | 60,00,000 |
| As at March 31, 2019 | - | - |

(iii) Shares of the company held by holding company

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|--------------|--------------|
| 51,000 Equity shares of Rs. 10/- held by Datamatics Digital Limited | 5,10,000 | - |

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

| Particulars | Mar 31, 2019 | | Mar 31, 2018 | |
|----------------------------|------------------|-----------|------------------|-----------|
| | Number of shares | % Holding | Number of shares | % Holding |
| Equity Shares | | | | |
| Datamatics Digital Limited | 51,000 | 51.00% | - | - |
| Mrs Asha Kanodia | 46,510 | 46.51% | 95,000 | 95.00% |
| Preference Shares | | | | |
| Mrs Asha Kanodia | - | - | 60,000 | 100.00% |

12(b) - Other Equity

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|----------------------------|----------------------|------------------|
| Retained earnings | 31,15,401 | 16,58,440 |
| Capital redemption reserve | Refer Note (i) below | 60,00,000 |
| OCI - | | |
| Actuarial gains and losses | 3,29,560 | 4,07,844 |
| Total | 94,44,961 | 20,66,284 |

Nature of reserves

(i) Capital Redemption Reserve

As per Companies Act, 2013, capital redemption reserve is created when company purchases its own shares out of free reserves or securities premium. A sum equal to the redemption value of the preference shares is transferred to capital redemption reserve.



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Note 13 - Non-current Provisions (In INR)

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---------------------|---------------------|
| Unfunded | | |
| <u>Provisions for employee benefits</u> | | |
| Gratuity | 18,96,166 | 15,15,759 |
| Leave Encashment | 12,20,208 | 11,25,460 |
| Total | 31,16,374 | 26,41,219 |

Note 14 - Current borrowings (In INR)

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---------------------|---------------------|
| Unsecured, Interest Free loan From Director | 1,81,00,000 | 1,81,00,000 |
| Total | 1,81,00,000 | 1,81,00,000 |

Note 15 - Trade payables (In INR)

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---------------------|---------------------|
| Dues of Micro and small enterprises | - | - |
| Dues other than Micro and small enterprises | 3,52,796 | 3,76,477 |
| Total | 3,52,796 | 3,76,477 |

Note 16 - Current Provisions (In INR)

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|---|---------------------|---------------------|
| Unfunded | | |
| <u>Provisions for employee benefits</u> | | |
| Employee Incentive | 7,28,416 | 14,82,339 |
| Gratuity | 10,25,428 | 9,88,750 |
| Leave Encashment | 1,60,247 | 1,50,068 |
| Total | 19,14,091 | 26,21,157 |

Note 17 - Other current liabilities (In INR)

| Particulars | Mar 31, 2019 | Mar 31, 2018 |
|------------------------|---------------------|---------------------|
| Statutory dues (net) | 16,82,979 | 14,99,318 |
| Advance from customers | 2,47,544 | 2,39,266 |
| Total | 19,30,523 | 17,38,584 |



DATAMATICS STAFFING SERVICES LIMITED
Financial Statements as at year ended March 31, 2019

| Note 18 - Revenue from operations | | |
|--|---------------------|---------------------|
| | (In INR) | |
| Particulars | Mar 31, 2019 | Mar 31, 2018 |
| Local Recruitment | 3,09,66,425 | 3,17,79,895 |
| Overseas Recruitment | 1,18,06,277 | 1,14,89,365 |
| Temp Staff Recruitment | 3,41,29,405 | 3,50,65,670 |
| Total | 7,69,02,107 | 7,83,34,930 |
| Note 19 - Other income | | |
| | (In INR) | |
| Particulars | Mar 31, 2019 | Mar 31, 2018 |
| Interest received | 12,284 | 8,86,618 |
| Dividend received on Mutual Funds | 4,32,148 | 2,36,737 |
| Profit on sale of assets | - | 89,976 |
| Exchange gain | 2,48,553 | - |
| Miscellaneous receipts | 18,182 | 3,98,597 |
| Total | 7,11,167 | 16,11,928 |
| Note 20 - Employee benefit expenses | | |
| | (In INR) | |
| Particulars | Mar 31, 2019 | Mar 31, 2018 |
| Basic Salary, Wages & Allowances | 5,59,39,309 | 6,11,98,582 |
| Contribution towards PF & Other funds | 25,04,159 | 28,20,482 |
| Staff Welfare | 8,49,891 | 9,37,008 |
| Total | 5,92,93,359 | 6,49,56,072 |
| Note 21 - Finance costs | | |
| | (In INR) | |
| Particulars | Mar 31, 2019 | Mar 31, 2018 |
| Interest on loan from banks | 268 | 1,936 |
| Interest others | 43,001 | 4,727 |
| Other finance charges | 25,000 | 20,025 |
| Total | 68,269 | 26,688 |
| Note 22 - Other expenses | | |
| | (In INR) | |
| Particulars | Mar 31, 2019 | Mar 31, 2018 |
| Technical fees | 14,59,617 | - |
| Outsourcing cost | 5,56,270 | 3,95,600 |
| Recruitment charges | 21,19,455 | 21,58,404 |
| Travelling expenses | 4,66,051 | 4,60,111 |
| Rent | 11,29,000 | 11,75,349 |
| Electricity expenses | 7,03,771 | 7,63,710 |
| Communication charges | 6,13,862 | 6,66,077 |
| Rates & Taxes | 4,73,690 | 2,95,762 |
| Insurance | - | 9,060 |
| Repairs & Maintenance expenses | 6,14,524 | 6,20,905 |
| Hire charges | 67,752 | 32,405 |
| Legal & Professional expenses | 13,12,644 | 19,97,494 |
| Board Sitting Fees | 30,000 | 80,000 |
| Audit fees | 70,842 | 79,093 |
| Subscription expenses | 37,343 | 60,299 |
| Printing & Stationery | 98,187 | 1,05,407 |
| Entertainment Expenses | 14,368 | 2,309 |
| Bank charges | 39,674 | 36,247 |
| Advertisement expenses | 43,700 | 26,581 |
| Exchange Loss | - | 3,244 |
| Miscellaneous expenses | 43,790 | 39,297 |
| Total | 98,94,540 | 90,07,354 |



DATAMATICS STAFFING SERVICES LIMITED
Financial Statements as at year ended March 31, 2019

Note 23 - Taxation

23(a) - Income tax expense

(In INR)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|-------------------|-----------------|
| Current tax | | |
| Current tax on profits for the year | 16,90,902 | - |
| Adjustments for current tax of prior periods | (10,28,293) | 1,98,425 |
| Total current tax expense | 6,62,609 | 1,98,425 |
| Deferred tax | | |
| (Decrease)/increase in deferred tax liabilities | (2,76,112) | - |
| (Decrease)/increase at OCI | 1,15,791 | - |
| Total deferred tax expense/(benefit) | (1,60,320) | - |
| Income tax expense | 5,02,288 | 1,98,425 |

23(b) - Deferred tax

(In INR)

| Particulars | March 31, 2018 | P/L | OCI | March 31, 2019 |
|---------------------------------------|-----------------|------------------|-------------------|------------------|
| Employee Benefits | - | 12,36,508 | (1,15,791) | 11,20,717 |
| Provision for doubtful debts & ECL | - | 1,96,200 | - | 1,96,200 |
| MAT Credit | 8,03,031 | (3,04,799) | - | 4,98,232 |
| Total Deferred Tax Assets | 8,03,031 | 11,27,909 | (1,15,791) | 18,15,149 |
| Depreciation | - | 1,28,303 | - | 1,28,303 |
| Total Deferred Tax Liabilities | - | 1,28,303 | - | 1,28,303 |
| Net Deferred Tax | 8,03,031 | 9,99,606 | (1,15,791) | 16,86,846 |

23(C) - Tax Reconciliation

(In INR)

| | Amount |
|---|-----------------|
| Profit Before Tax | 78,43,458 |
| Tax rate | 26.00% |
| Statutory income tax | 20,39,299 |
| Increase (decrease) due to: | |
| <u>Permanent Differences</u> | |
| Others | 11,180 |
| | 11,180 |
| <u>Prior Year True ups</u> | |
| Deferred Tax | (10,28,293) |
| | (10,28,293) |
| <u>Deferred Tax not created</u> | |
| Losses | (4,36,469) |
| | (4,36,469) |
| <u>Income taxed at different rates</u> | |
| Tax Holiday & Exempt income | (93,180) |
| | (93,180) |
| <u>Tax at OCI</u> | |
| Tax over Other Comprehensive Income | 9,752 |
| Provision (benefit) for income taxes | 5,02,289 |



Note 24: Fair value measurements

Financial instruments by category

(In INR)

| | March 31, 2019 | | | March 31, 2018 | | |
|--|------------------|----------|--------------------|------------------|----------|--------------------|
| | FVPL | FVOCI | Amortised cost | FVPL | FVOCI | Amortised cost |
| Financial assets | | | | | | |
| Investments | | | | | | |
| - Mutual funds | 15,88,047 | - | - | 91,55,899 | - | - |
| Trade receivables | - | - | 1,23,58,862 | - | - | 89,49,938 |
| Cash and cash equivalents | - | - | 22,85,037 | - | - | 17,39,630 |
| Bank balances other than Cash and cash equivalents | - | - | 1,00,000 | - | - | 1,00,000 |
| Other receivables | - | - | 4,38,859 | - | - | 6,14,892 |
| Total financial assets | 15,88,047 | - | 1,51,82,758 | 91,55,899 | - | 1,14,04,460 |
| Total financial liabilities | - | - | - | - | - | - |

i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(In INR)

| Financial assets and liabilities measured at fair value At 31 March 2019 | Level 1 | Level 2 | Level 3 | Total |
|--|------------------|----------|----------|------------------|
| Financial assets | | | | |
| Financial Investments at FVPL | | | | |
| Mutual funds | 15,88,047 | - | - | 15,88,047 |
| Total financial assets | 15,88,047 | - | - | 15,88,047 |
| Total financial liabilities | - | - | - | - |

(In INR)

| Financial assets and liabilities measured at fair value At 31 March 2018 | Level 1 | Level 2 | Level 3 | Total |
|--|------------------|----------|----------|------------------|
| Mutual funds | 91,55,899 | - | - | 91,55,899 |
| Total financial assets | 91,55,899 | - | - | 91,55,899 |
| Total financial liabilities | - | - | - | - |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, mutual funds and forward contracts that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration.

There are no transfers between levels 1 and 2 during the year.

ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- * the use of quoted market prices or dealer quotes for similar instruments

All of the resulting fair value estimates are included in level 3 except for unlisted equity securities, contingent consideration and indemnification asset, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

iii) Valuation processes

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.



Note 25: Financial risk management

The company's activities expose it to market risk, liquidity risk and credit risk. In order to minimise any adverse effects on the financial performance of the company, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

| Risk | Exposure arising from | Measurement | Management |
|--------------------------------|--|--|---|
| Credit risk | Cash and cash equivalents, trade receivables and financial assets. | Aging analysis Credit ratings | Diversification of bank deposits, credit limits and letters of credit |
| Liquidity risk | Borrowings and Trade payable | Maturity analysis, cash flow forecasts | Availability of committed credit lines and borrowing facilities |
| Market risk – foreign exchange | Import Payables and Receivables on indenting services. | Cash flow forecasting Sensitivity analysis | Forward foreign exchange contracts |
| Market risk – security prices | Investments in equity securities | Sensitivity analysis | Portfolio diversification |

The Board provides guiding principles for overall risk management, as well as policies covering specific areas such as credit risk, liquidity risk, and Foreign Exchange Risk effecting business operations. The company's risk management is carried out by the management as per guidelines and policies approved by the Board of Directors.

A) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses the direct risk of default, risk of deterioration of creditworthiness as well as concentration risks. The Company is exposed to credit risk from its operating activities (primarily trade receivables), deposits with banks and loans given.

Credit risk management

The company's credit risk mainly from trade receivables as these are typically unsecured. This credit risk has always been managed through credit approvals, establishing credit limits and continuous monitoring the creditworthiness of customers to whom credit is extended in the normal course of business. The Company estimates the expected credit loss based on past data, available information on public domain and experience. Expected credit losses of financial assets receivable are estimated based on historical data of the Company. The company has provisioning policy for expected credit losses. There is no credit risk in bank deposits which are demand deposits. The credit risk is minimum in case of entity / person to whom loan has been given.

The maximum exposure to credit risk as at March 31, 2019 and March 31, 2018 is the carrying value of such trade receivables as shown in note 7 of the financials.

Reconciliation of loss allowance provision – Trade receivables

| Particulars | In INR |
|----------------------------------|----------|
| Loss allowance on March 31, 2018 | 7,54,617 |
| Changes in loss allowance | - |
| Loss allowance on March 31, 2019 | 7,54,617 |

B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, the company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

C) Market risk

i) Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and AED. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

a) Foreign currency risk exposure:

Details of foreign currency exposures not covered by derivative instruments as at March 31, 2019 and March 31, 2018 are given below :

| Particulars | Currency | March 31, 2019 | | March 31, 2018 | |
|-------------|----------|------------------|-----------|------------------|----------|
| | | Foreign Currency | In INR | Foreign Currency | In INR |
| Receivables | USD | 26,117 | 17,87,216 | 6,519 | 4,18,117 |
| | AED | 16,500 | 3,01,290 | 10,879 | 1,86,248 |
| | OMR | 1,300 | 2,26,408 | 1,050 | 1,71,486 |
| Payables | USD | 1,927 | 1,31,865 | 1,927 | 1,23,598 |

b) Sensitivity

The Company is mainly exposed to changes in USD and AED. The sensitivity analysis demonstrate a reasonably possible change in USD and AED exchange rates, with all other variables held constant. 5% appreciation/depreciation of USD, AED and OMR with respect to functional currency of the company will have impact of following (decrease)/increase in Profit & vice versa.

| Particulars | (In INR) | |
|-------------|----------------|----------------|
| | March 31, 2019 | March 31, 2018 |
| USD | 82,768 | 14,726 |
| AED | 15,065 | 9,312 |
| OMR | 11,320 | 8,574 |

* Holding all other variables constant

ii) Price risk

a) Exposure

The company's exposure to equity securities price risk arises from investments held by the company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss.

To manage its price risk arising from investments in equity securities, the company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the company.

All of the company's equity investments are publicly traded.



DATAMATICS STAFFING SERVICES LIMITED
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Note 26: Capital management

a) Risk management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a debt equity ratio and is measured by borrowings divided by total equity. Borrowing includes current maturities of long term borrowings.

(In INR)

| | March 31, 2019 | March 31, 2018 |
|---------------------------|-----------------------|-----------------------|
| Borrowings | 1,81,00,000 | 1,81,00,000 |
| Total equity | 1,04,44,961 | 90,66,284 |
| Borrowing to equity ratio | 1.73 | 2.00 |



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Note 27: Related party transactions

A As required under Ind AS 24 – “Related Party Disclosures”, following are details of transactions during the year with the related parties of the Company as defined in Ind AS- 24.

(i) The Company has entered into transactions in ordinary course of business with related parties at arms length as per details given below:

**(A) Relatives of Key Managerial Personnel and
Enterprises owned by Key Managerial Personnel**

Datamatics Business Solutions Limited
Lumina Datamatics Limited
Mrs. Asha L. Kanodia

(B) Key Managerial Personnel

Dr. Lalit S. Kanodia, Chairman
Mr. Rahul L. Kanodia, Director

(D) Ultimate Parent Company

Datamatics Global Services Limited

(C) Holding Company

Datamatics Digital Limited (w.e.f. 18th March, 2019)

(ii) Details of transactions with the related parties stated in (i) above :

| Sr. No. | Particulars | (i) A | | (i) B | | (i) C | | (i) D | |
|------------|--|---------------------------|-----------------------|----------------------------|----------------------------|----------------|----------------|----------------------|------------------------|
| | | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| [A] | Transactions during the year ended | | | | | | | | |
| i | Subscription Charges Datamatics Business Solutions Limited | 10,000 10,000 | - - | - - | - - | - - | - - | - - | - - |
| ii | Recruitment expenses Lumina Datamatics Limited Datamatics Global Services Limited | 5,92,444 5,92,444 - | 21,413 21,413 - | - - | - - | - - | - - | - - | 42,10,396 42,10,396 |
| iii | Board sitting fees Dr. Lalit S. Kanodia Mr. Rahul L. Kanodia | - - - | - - - | 20,000 10,000 10,000 | 60,000 30,000 30,000 | - - | - - | - - | - - |
| iv | Expenses incurred on behalf of Related Parties Datamatics Global Services Limited | - - | - - | - - | - - | - - | - - | 6,15,958 6,15,958 | 4,38,671 4,38,671 |
| v | Investment held by Holding Company Datamatics Digital Limited | 5,10,000 5,10,000 | - - | - - | - - | - - | - - | - - | - - |
| vi | Redemption of preference shares Mrs. Asha L. Kanodia | 60,00,000 60,00,000 | - - | - - | - - | - - | - - | - - | - - |
| [B] | Balance as at March 31 | | | | | | | | |
| i | Payables Dr. Lalit S. Kanodia | - - | - - | 1,81,00,000 1,81,00,000 | 1,81,00,000 1,81,00,000 | - - | - - | - - | - - |



Note 28: Employee benefits

The disclosure as required by Ind AS 19 on "Employee Benefits" are given below:

The present value of gratuity obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation of leave benefits (unfunded) is also recognised using the projected unit credit method.

| | | (In INR) | |
|----|---|------------------|------------------|
| | | Mar 31, 2019 | Mar 31, 2018 |
| I. | Defined Contribution Plan | | |
| | Charge to the Statement of Profit and Loss based on contributions: | | |
| | Employers contribution to provident fund | 23,86,831 | 12,00,906 |
| | Employers contribution to employees' state insurance | 1,13,106 | 2,15,184 |
| | Employers contribution to employees' pension scheme 1995 | 8,89,272 | 13,99,088 |
| | Employers contribution to labour welfare fund and others | 4,222 | 5,304 |
| | Included in contribution to provident fund and other funds | 33,93,431 | 28,20,482 |

II. Defined Benefit Plan

i) Movement in Present Value of Obligation

| Particulars | Gratuity | | Leave Encashment | |
|---|------------------|------------------|------------------|------------------|
| | Mar 31, 2019 | Mar 31, 2018 | Mar 31, 2019 | Mar 31, 2018 |
| Present Value of Obligation as at the beginning | 41,63,115 | 50,43,499 | 12,75,528 | 12,45,648 |
| Current Service Cost | 3,70,834 | 4,70,578 | 1,04,927 | 29,880 |
| Interest Expense or Cost | 3,21,809 | 3,72,715 | - | - |
| Re-measurement (or Actuarial) (gain) / loss arising from: | | | | |
| - change in financial assumptions | (49,827) | (4,07,081) | - | - |
| Benefits Paid | (73,426) | (13,16,596) | - | - |
| Present Value of Obligation as at the end | 47,32,505 | 41,63,115 | 13,80,455 | 12,75,528 |

ii) Expenses recognised in the income statement and other comprehensive income

| Particulars | Gratuity | | Leave Encashment | |
|--|--------------|--------------|------------------|--------------|
| | Mar 31, 2019 | Mar 31, 2018 | Mar 31, 2019 | Mar 31, 2018 |
| Current service cost | 3,70,834 | 4,70,578 | 1,04,927 | 29,880 |
| Net interest cost on the net defined benefit liability | 1,93,599 | 1,68,055 | - | - |
| Expenses recognised in Profit & Loss Account | 5,64,433 | 6,38,633 | 1,04,927 | 29,880 |
| Actuarial (gains) / losses | | | | |
| - Change in financial assumptions | (49,827) | (4,07,081) | - | - |
| - Experience variance | 12,320 | (763) | - | - |
| Expenses recognised in OCI | (37,507) | (4,07,844) | - | - |

iii) Financial Assumptions

The principal financial assumptions used in the valuation are shown in the table below

| Particulars | Gratuity | | Leave Encashment | |
|--------------------------------|--------------|--------------|------------------|--------------|
| | Mar 31, 2019 | Mar 31, 2018 | Mar 31, 2019 | Mar 31, 2018 |
| Discount Rate (per annum) | 7.76% | 7.73% | 7.76% | 7.73% |
| Salary growth rate (per annum) | 4.00% | 4.00% | 4.00% | 4.00% |
| Mortality Rate | IALM 06-08 | IALM 06-08 | IALM 06-08 | IALM 06-08 |

iv) Sensitivity Analysis

| Particulars | Gratuity | | | |
|---------------------------------|---------------|---------------|---------------|---------------|
| | Mar 31, 2019 | | Mar 31, 2018 | |
| | Decrease | Increase | Decrease | Increase |
| Discount rate (- / + 0.5%) | 2,69,761 | 3,06,702 | 2,60,737 | 2,97,220 |
| Salary growth rate (- / + 0.5%) | 2,81,433 | 3,15,323 | 2,71,933 | 3,05,494 |
| Attrition rate (1 / + 1%) | 97,985 | 88,066 | 98,370 | 88,234 |
| Mortality rate (- / + 1%) | IAM (2006-08) | IAM (2006-08) | IAM (2006-08) | IAM (2006-08) |

v) Maturity profile of Defined Benefit obligation

| Expected Cash flow over the next (valued on undiscounted basis) | Gratuity |
|---|-----------|
| | Amount |
| 1 Year | 2,70,213 |
| 2 to 5 years | 24,59,780 |
| 6 to 10 years | 14,92,949 |
| More than 10 years | 46,06,129 |



DATAMATICS STAFFING SERVICES LIMITED
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29 Contingent Liability and Commitments

Provision is made in the financial statements if it becomes probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Contingent Liabilities to the extent not provided for:

| | (In INR) | |
|---|----------------|----------------|
| | March 31, 2019 | March 31, 2018 |
| (a) Details of guarantees outstanding as at: | | |
| (i) Corporate guarantees provided to Indian Overseas Bank to Ministry of External Affairs | 1,00,000 | 1,00,000 |

30 Segment information

As the company business falls within a single business segment viz Manpower Recruitment Consultancy and Manpower Supply, the disclosure of Ind AS 108 is not applicable.

31 Auditor's remuneration includes

| | (In INR) | |
|--|----------------|----------------|
| | March 31, 2019 | March 31, 2018 |
| For services as auditors, including quarterly audits | 60,000 | 60,000 |
| Reimbursement of out of pocket expenses | 10,842 | 19,093 |
| Total | 70,842 | 79,093 |

32 Activities in foreign currency

| | (In INR) | |
|---|--------------------|--------------------|
| | March 31, 2019 | March 31, 2018 |
| (i) Earnings in foreign currency | | |
| FOB value of exports | 1,18,06,277 | 1,14,89,365 |
| Total | 1,18,06,277 | 1,14,89,365 |
| (ii) Expenditure in foreign currency | | |
| Recruitment charges | 9,37,510 | 9,30,000 |
| Total | 9,37,510 | 9,30,000 |



DATAMATICS STAFFING SERVICES LIMITED

Financial Statements as at year ended March 31, 2019

33 Information under Section 186 (4) of the Companies Act, 2013

a) Loans given

There are no loans / inter corporate deposits given during the year.

b) Investments made

There are no investments by Company other than those stated under Note 6 in the financial statements.

c) Securities given

There are no securities given during the year.

34 In terms of Section 22 of the Micro, Small and Medium Enterprises Development Act 2006, there is no dues to Micro and Small Enterprises as at March 31, 2019. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

35 As per Companies (Accounting Standards) Rules, 2013 issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards ('NACAS') and the relevant provisions of the Companies Act, 2013, to the extent applicable, the carrying value of the asset has been reviewed for impairment of assets and there is no impairment of assets.

36 International and domestic transfer pricing

The Management is of the opinion that its international and domestic transactions are at arm's length as per the independent accountants report for the year ended March 31, 2019. The Management continues to believe that its international transactions and the specified domestic transactions during the current financial year are at arm's length and that the transfer pricing legislation will not have any impact on these financial statements, particularly on amount of tax expense and that of provision for taxation.

37 Corporate social responsibility expenditure

CSR provisions are not applicable to the respective company.



DATAMATICS STAFFING SERVICES LIMITED

Financial Statements as at year ended March 31, 2019

38 Events occurring after Balance Sheet date :

Dividend

There is no dividend paid during the year

39 Previous year figures have been appropriately regrouped / reclassified and rearranged wherever necessary to conform to the current year's presentation.

40 Reconciliations between previous GAAP and Ind AS

During the year, 51% of total equity share capital has been purchased by Datamatics Digital Limited which is the subsidiary of Datamatics Global Services Limited (Listed Company) due to which Ind AS has become applicable to the Company. Accordingly previous year figures also have been restated.

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Effects of Ind AS adoption on Balance Sheet at March 31, 2018:

(In INR)

| EQUITY AND LIABILITIES | As per IGAAP | Adjustments on transition to Ind AS | As per Ind AS |
|--------------------------------------|------------------|-------------------------------------|------------------|
| Other equity | | | |
| OCI | - | (4,07,844) | (4,07,844) |
| Retained Earning | 16,58,440 | 4,07,844 | 20,66,284 |
| Equity attributable to owners | 16,58,440 | 4,07,844 | 16,58,440 |

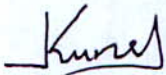
In the process of preparation of financials from IGAAP to IND AS, the only difference is the adjustment for other comprehensive income generated because of actuarial gain/losses. Due to this, the reserves and surplus for previous year has been changed from INR 16,58,440 to INR 20,66,284 with an adjustment of INR 4,07,844 in Other comprehensive income.

As per our attached report of even date

For Kanu Doshi Associates LLP

Chartered Accountants

Firm Registration No. 104746W/W100096

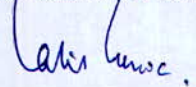



Kunal Vakharia

Partner

Membership No. 148916

For and on behalf of the Board



Dr. Lalit S. Kanodia

DIN 00008050

Chairman



Chandrakiran Tambe

DIN 06998703

Managing Director

Place : Mumbai

Dated : May 07, 2019