



INTRASOFT TECHNOLOGIES LIMITED

ANNUAL REPORT 2017-18



# QUEST FOR EFFICIENCY

# STRIVING TO ACHIEVE OPTIMUM EFFICIENCY.

At IntraSoft, we firmly believe in striving for efficiency which, we believe, is the **basis of our model**. For the last decade, it is through single-minded focus on increasing efficiency that we have become one of the leading multi-channel retailers in America.



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## Forward Looking Statement

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions.

We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

This quest for efficiency at IntraSoft is embedded in our DNA. It is in our value and culture, defining our strategic thought and vision. It is an aptitude and an attitude, a mind-set and a metric, underlining our every action.

With the continuing shift from offline to online retail in USA and the leading marketplaces striving to increase their market share in their endeavour to be the one stop online shopping destination, the addressable market for sellers continues to expand on a sustainable basis. Our expertise and experience, our proven track-record and past performance, our market-focus and market-foresight makes us a strong proxy for steady and sustained growth in the long-term.

We are confident to continue to deploy our resources for growth - while continuing our quest for optimum efficiency that has laid the foundation of our **credibility**.

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# Letter to Shareholders



Revenue

**₹1,170 cr.**

up 30% in constant currency  
2017-18



**We re-affirmed our vision to become the leading multi-channel retailer in the US e-Commerce industry. With the continued shift from offline to online retail, we were re-assured of the size of the opportunity and the demand for our services. 📈📈**

**Dear Shareholders,**

Though 2017-18 was a defining year, as we crossed the ₹ 1,000 Cr. revenue milestone, there were many learnings along the way.

We re-affirmed our vision to become the leading multi-channel retailer in the US e-Commerce industry. With the continued shift from offline to online retail, we were re-assured of the size of the opportunity and the demand for our services.



**We will continue to leverage our strong technology backbone, our increasing operational efficiencies and the aggregation benefits arriving from scale to provide most optimal unit economics to our vendors, thus becoming invaluable to them. ■■**

During the year, we clearly saw our platform performing on the customer front. We were able to garner sales by maintaining the high ratings and growth in reviews, which validated our competitive edge. While work on this front is by no means complete, it is now more structured and improvements will keep happening over time.

With this long-term goal of solidifying our vendor base, we remain focused on growth. However, we realise that to grow on a sustainable basis in the long-term, we need to maintain operational discipline by increasing our operating efficiencies and improving our working capital cycle.

Working capital cycle is predominantly a function of how efficiently we are able to turn our inventory. The higher the turns, the lesser the requirement of capital. With the use of predictive analytics tool, we will continue to work on it further, the output of which will be stocking 'Just In Time' inventory. We will save not only storage costs, but also capital. We intend to deploy a fair bit of resources towards this.

We will continue to leverage our strong technology backbone, our increasing operational efficiencies and the aggregation benefits arriving from scale to provide most optimal unit economics to our vendors, thus becoming invaluable to them. This, we believe will ensure long-term sustainability of our vendor base, leading to increase in market share and creating more value for our shareholders.

At IntraSoft, we are not following a set trail, but creating a new highway. We

are aware that there will be short-term challenges, but we are clear about the direction and the destination. Over the years, we have overcome challenges that have given us invaluable learnings. We have created the right building blocks in the form of mindset and model, intelligence and insights as well as technology and talent. As we go forward in this exciting but uncharted journey, we are cautious but confident, optimistic but vigilant of the challenges ahead. While there could be short-term aberrations, our long-term focus and goal remains clear and firm.

## **Our long-term strategy is to scale up - expanding our market-share by creating an unbeatable experience and value proposition for our vendors.**

We shall continue with resolute determination and focus on :

- Giving our customers the best retail experience online
- Invest in our custom-built technology and operational platform to deliver best experience to customers and the vendors
- Data-driven decision making

- Drive stronger value proposition by synergising seamless vendor-experience with execution efficiency

My heartfelt gratitude to all our stakeholders for their steadfast support and confidence in the management of the Company. I assure you, we will continue our journey with consistent steps, keeping our credibility paramount.

Sincerely,

**Arvind Kajaria**  
Managing Director

## Corporate Snapshot

**We are a technology-driven multi-channel online retailer serving the US market.**



### Our Business

We are a technology-driven multi-channel online retailer serving the US market. We see ourselves as online retail partners to vendors in the US SME industry. In a market, where marketplaces are customer-focused and vendors are product focused, we bridge the gap.

We use our proprietary e-Commerce platform and delivery engine to sell products for vendors on different market places. At IntraSoft, we have

consistently employed a data driven approach to the digital marketplace by using Smart data and Predictive analytics tool for all processes in the supply chain – be it adding vendors, selecting product SKUs, demand forecasting and inventory management.

Our technology and data analytics team have worked hard in scaling our order processing systems, increasing automation and building the delivery engine that

integrates all the stakeholders in the supply chain in the most efficient manner to ensure seamless delivery. Coupled with our delivery platform, our in-house developed demand forecasting engine and our dynamic pricing software helps in achieving maximum sales throughput for our vendors at optimal pricing.

## Our constant endeavour is to create value for each of our key stakeholders :

### CUSTOMERS



We strive to provide seamless delivery to the marketplace customers each time we serve them. Happy customers will give us positive rankings, rating and reviews. This, in turn, will encourage new buyers to buy from us and marketplaces to confer preferred status to us.

### LOGISTICS PARTNERS



Fulfilment is the final moment of truth in our business. We work with national carriers like UPS and FedEx to map the most competitive routes. We work with local in-state carriers to create the swift delivery at lowest costs. Our software tracks weather, traffic, accidents, breakages and other factors that delay shipments, and updates customers.

### VENDORS



We understand that for our vendors, the focus is their products. They rely on our expertise to increase their online sales. Our team on-boards vendors and shares with them key insights on demand trends, pricing intelligence by utilising our data analytics engine.

Once on-board, we leverage our delivery platform to provide the best logistics solution and data-driven insights to increase their sales volume at optimal pricing. We engage with them on regular basis to further increase sales and provide high levels of service delivery. As we achieve scale with the vendors, we leverage our operating efficiencies and pass on the aggregation benefits to tilt the unit economics in our favour, making the relationship sustainable over the long-term.

### MARKETPLACES



The online marketplaces are technology-driven. We integrate deeply with their back-end systems for seamless convergence. We aim to increase the sales of our vendor partners across marketplaces and facilitate maximum listings of vendor products on marketplaces. Given the consistency of our rating and higher order volumes, we are invited to promotional activities by the marketplaces in different categories, making us their preferred partners.

We strive to provide a 'WOW' experience to the end customers, which is good for all the stakeholders. We sell on multiple marketplaces to widen our distribution outreach and maximise sales.

### INVESTORS



Our investors have always shown unshakeable faith and trust in us, and we have reciprocated by enhancing shareholder value. We have a proven track-record of delivering consistently on revenue and look forward to increasing return ratios over the long-term as well as steadily building net worth and market capitalisation.

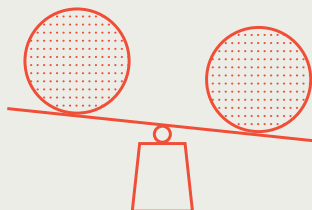
**SELLERS WHO ARE CONTINUOUSLY EFFICIENT AND EFFECTIVE WILL CAPTURE MARKET SHARE**

# **SUCCESS IN THE ONLINE MARKETPLACE IS DRIVEN BY ONE SIMPLE PRINCIPLE - SURVIVAL OF THE EFFICIENT.**

**EFFICIENT SELLERS GARNER THE LION'S SHARE OF THE ONLINE MARKETPLACE BUSINESS. FUNDAMENTAL TO EFFICIENCY FOR SELLERS ARE:**



**PRODUCT RANGE**



**COMPETITIVE PRICES**



**SWIFT DELIVERY**



**LOWEST ORDER  
CANCELLATION RATE**

## Doing the Right Things Right – Consistently with Service-Led Delivery

At IntraSoft, it is not about delivering thousands of packages a day, but it is about delivering these packages every single day! It is not about getting it right once or twice, but getting it right consistently, every day for 365 days!

We do this with our Service-Led Delivery focus. Our detailed and structured processes driven by robust systems ensure we do the right things right, every day.

It is with this Service-Led Delivery focus and mind-set that we strive to add value to our stakeholders: customers with assured quality and efficient fulfilment, vendors with assured sales, logistics partners with assured volumes, marketplaces with satisfied customers and investors with potential growth and returns.

### Customer Ratings

# 96%

Amazon

Sellers are given the 'Preferred Status' based on their service-led delivery.

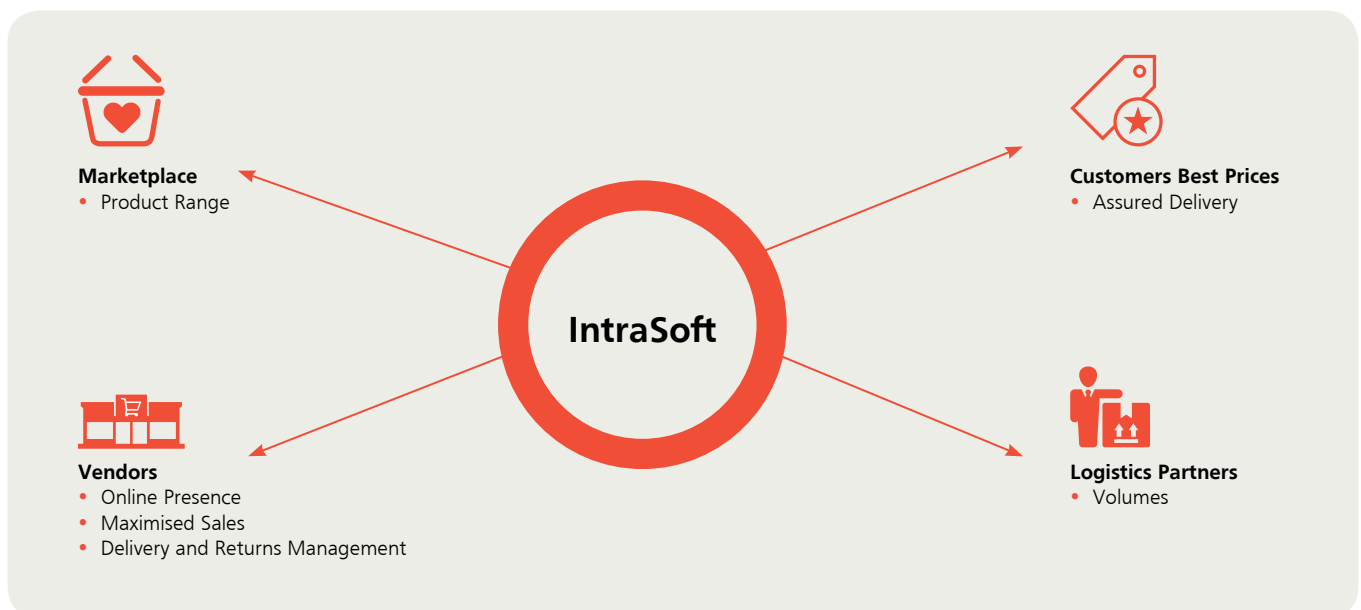
The key to consistently being a Preferred Status seller on marketplaces is happy customers and strong vendor relations. Additionally, sellers need a strong execution and delivery backbone in the form of technology, automation and analytics as well as excellent distribution network.

At IntraSoft, our endeavour has been to constantly become more efficient and effective. The final validation of our efficiency is the consistency in high customer ratings we get on leading global marketplaces.

Vendor relationships are the the core of the seller's success. Deep and lasting vendor relations are based on consistently selling large volumes on marketplaces and shielding vendors from the nuances and intricacies of marketplace management.

We also integrated different technology pieces that handle integration with the vendor's product selection and automation of product listings across marketplaces.

Our vendors depend on our expertise for a comprehensive solution, including pricing, promotions, delivery and returns-management. In turn, IntraSoft benefits from a higher wallet share of the vendor's online business and favourable terms of credit.



# Scalability from Working Capital Efficiency

## Moving towards a long-term self-sustainable Working Capital efficient model

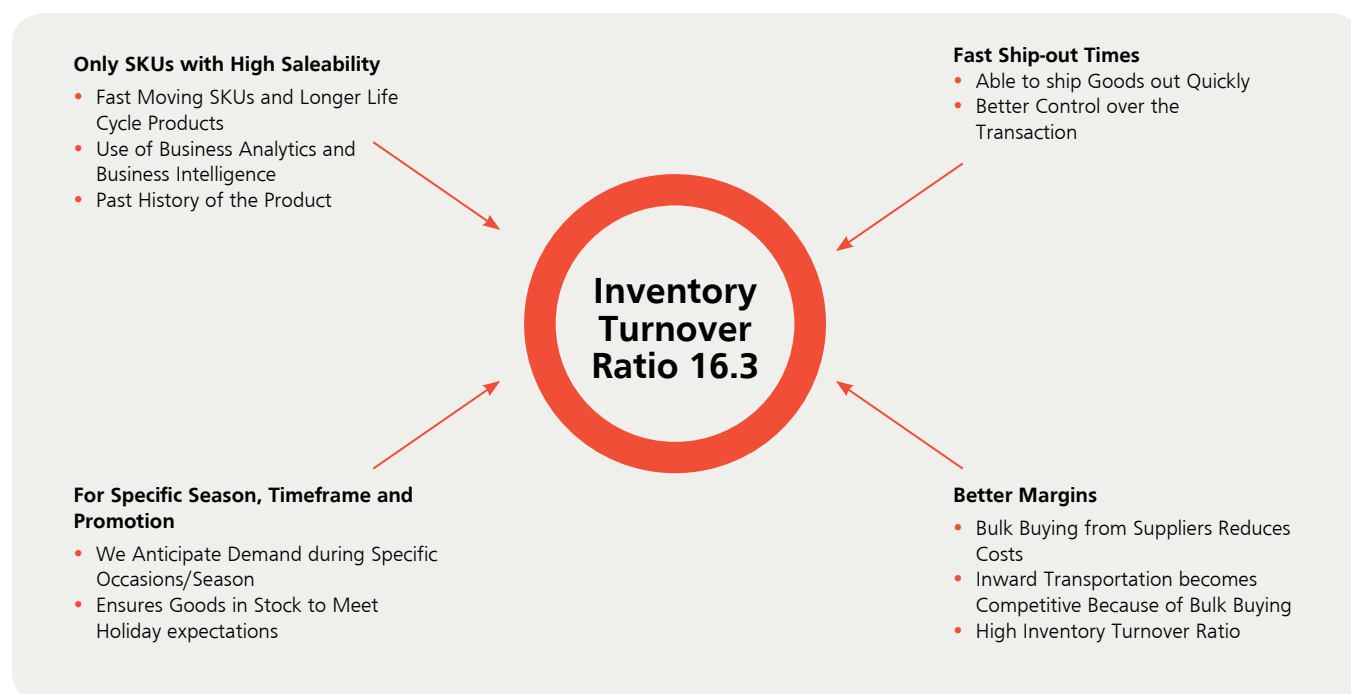
Our business model has continued to evolve over the last 3 years, along with the changing dynamics in the online retail industry. As we achieved scale, we realised that to achieve a long-term sustainable growth, we had to focus on improving our working capital by leveraging our technology platform and maintaining operational discipline.

We leverage our data-driven technology to gain historical insights and estimate the SKU-wise product demand across different marketplaces. This helped us optimise our ordering system and inventory management, leading to increasing turns during FY18.

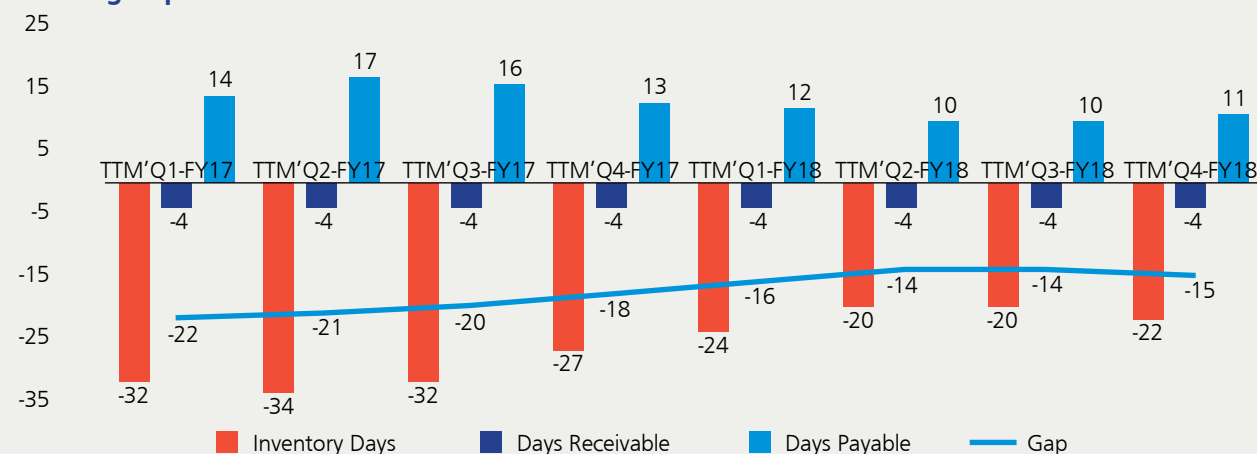
Our inventory turns increased from 13.4x during the end of FY17 to a peak of 18x during the trailing twelve months in December' 2017 quarter and ended the year with turns of 16.3x.

Having optimised our inventory software module during FY18, we now focus on increasing our vendors' credit, to achieve multi-year sustainable growth. The process to increase vendors' credit happens in a step-wise manner. We believe that the runway to increase vendors' credit is long and we are on track to improve this in a gradual manner over the next few years as we scale our business by leveraging our technology expertise.

## Fast Moving Inventory Model



## Working Capital Efficient Business Model



# Highlights of the Year

## Financial Highlights

Revenue from Operations

**₹1,170 Cr.**

Up 30% in constant currency and 25% in INR terms

Income from Operations

**₹19.03 Cr.**

Up 9% year-on-year

PAT

**₹13.73 Cr.**

Up 3% year-on-year

BVPS

**₹95.02**

Up 8% year-on-year

Networth

**₹140 Cr.**

Up 8% year-on-year

Constant Dividend Payout

**20%**

Remains Constant

ROE

**10.2%**

EPS

**₹9.32**

Up 3% year-on-year

## Working Capital

Inventory Days

**22 Days**

Down 5 days

Days Receivable

**4 Days**

Remains Constant

Days Payable

**11 Days**

Up 2 days

GAP

**15 Days**

Down 3 days

(All comparative numbers are between FY18 and FY17)

## Other Highlights

**96%+**

Positive Customer Feedback on all marketplaces where we sell

#231 in Top 1000 Internet Retailers by Internet Retailer Top 1000 Guide, 2018

#689 on the Inc. 5000 Fastest Growing Private US Companies in 2017

Platinum Seller status on Amazon

Power Seller on Ebay

Preferred Seller on Sears

## One of the largest Multi-channel Retailers in the U.S e-Commerce Market



# Corporate Information

## Board of Directors

|                |   |                      |
|----------------|---|----------------------|
| Arvind Kajaria | - | Managing Director    |
| Sharad Kajaria | - | Whole-time Director  |
| Rupinder Singh | - | Independent Director |
| Anil Agrawal   | - | Independent Director |
| Savita Agarwal | - | Independent Director |
| Ashok Bhandari | - | Independent Director |

## Auditors

M/s Walker Chandiok & Co LLP  
Chartered Accountants  
Kolkata

## Company Secretary & Compliance Officer

Pranvesh Tripathi

## Registrar and Share Transfer Agents

Link Intime India Private Limited  
C-101, 247 Park, L. B.S. Marg,  
Vikhroli (W), Mumbai – 400 083  
Tel: +91-22-4918-6000, Fax: +91-22-4918-6060  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## Bankers

1. HDFC Bank Ltd
2. State Bank of India

## Registered Office

502A, Prathamesh, Raghuvanshi Mills Compound,  
Senapati Bapat Marg, Lower Parel (W),  
Mumbai – 400 013  
Tel: +91-22-4004-0008, Fax: +91-22-2490-3123  
Email: [intrasoft@itlindia.com](mailto:intrasoft@itlindia.com)

## Corporate Office

Suite 301,  
145, Rash Behari Avenue,  
Kolkata – 700 029  
Tel: +91-33-4023-1234, Fax: +91-33-2464-6584  
Email: [intrasoft@itlindia.com](mailto:intrasoft@itlindia.com)

## Corporate Identification Number

L24133MH1996PLC197857

# Management Discussion and Analysis Report

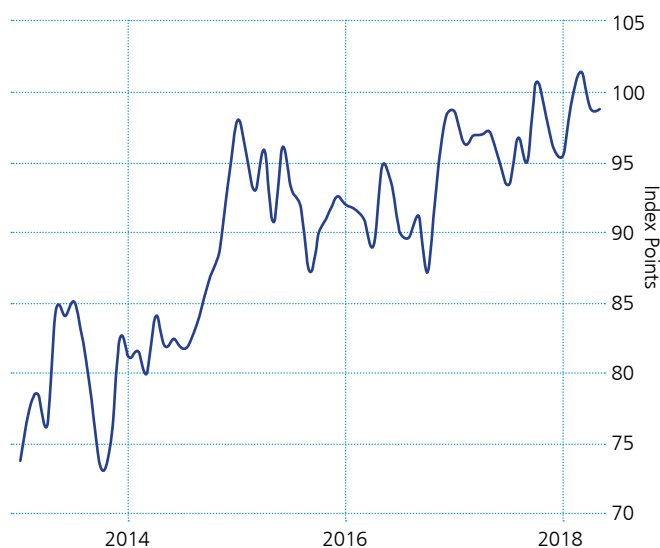
## U.S. ECONOMY

The U.S. economy grew at 2.3% for the year 2017, significantly higher than 1.5% growth achieved in the previous year. The economic outlook for the coming years is expected to be positive, based on key economic indicators like GDP growth, decline in unemployment rate and increasing consumer confidence. According to the forecast released at the Federal Open Market Committee meeting held on 20 March 2018, the GDP growth rate is expected to rise to 2.7% in 2018 and 2.4% in 2019.

The policies of President Trump's Republican government have had a favourable impact on the economy so far. Corporate tax rate in America has been slashed from 35% to 21% effective from January 2018. Economists expect that the tax cuts could help boost growth. President Trump has said that, the new tax plan will serve as "rocket fuel" for the economy, prompting Americans to spend more and businesses to increase investments.

Overall, the U.S. economy is looking on track to continue on the growth trajectory. Buoyed by an increasing employment rate, rise in housing demand and an overall optimism in industry and financial markets, both consumer and investor sentiments are scaling higher. Consumer confidence is the highest since 2000, unemployment is the lowest in 17 years, and the economy has added jobs every month for more than seven years.

### US Consumer Sentiment



Source: tradingeconomics.com | University of Michigan

The impact of tax cuts, low unemployment, and marginally increasing wages is likely to have a positive impact on inflation in the near future. The core inflation rate, which tracks the price changes for a basket of products excluding volatile food and fuel, has been at 1.78%, below the FED target of 2% for 2017.

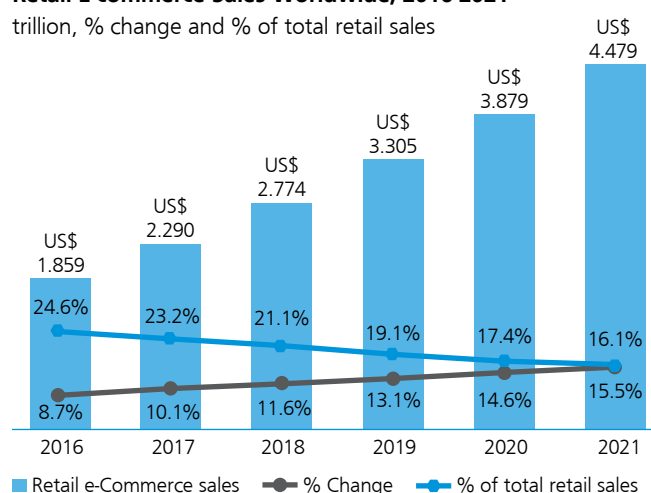
Consumer spending which accounts for more than two-thirds of total economic output has continued to rise, supported by factors including low unemployment and rising consumer confidence, however sales at department stores have dropped 1.1% in December 2017, a key month of the holiday shopping season, indicating a shift in consumer preferences towards online stores.

## GLOBAL E-COMMERCE

The share of e-Commerce sales in total world-wide retail sales has increased to 10.1% in 2017 as compared to 8.7% during previous year. The worldwide retail e-Commerce sales clocked US\$ 2.29 trillion in 2017, which is a 23.2% increase over the previous year. As per the industry analysts, it is projected to grow up to US\$ 4.48 trillion by 2021. Asia Pacific region has witnessed the highest growth rate expected to be around 30% in 2017. This growth is driven by very high mobile commerce sales for the region.

### Retail E-commerce Sales Worldwide, 2016-2021

trillion, % change and % of total retail sales



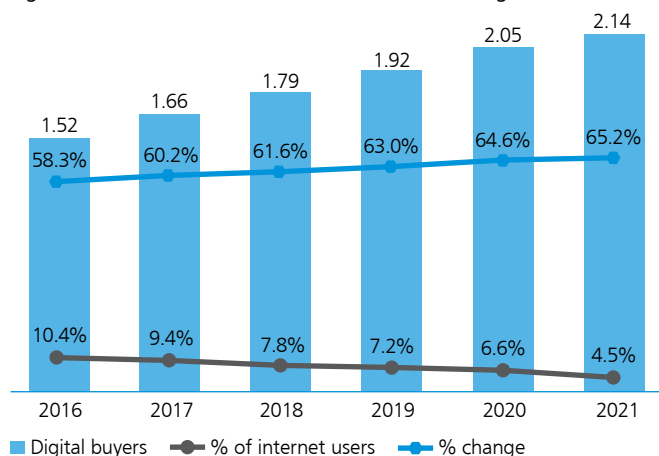
Note: Includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment, excludes travel and event tickets.

Source: eMarketer, June 2017

Internet penetration across the world is increasing at a very rapid pace, leading to growing population of digital buyers. Worldwide digital buyers grew by 9.4% to reach 1.66 billion in 2017, as per the industry experts, it is expected to reach 2.14 billion by 2021.

### Digital Buyers Worldwide, 2016-2021

Figures in Billions, % of internet users and % change



Note: ages 14+; internet users who have made at least one purchase via any digital channel during the calendar year, including online, mobile and tablet purchases

Source: eMarketer, June 2017

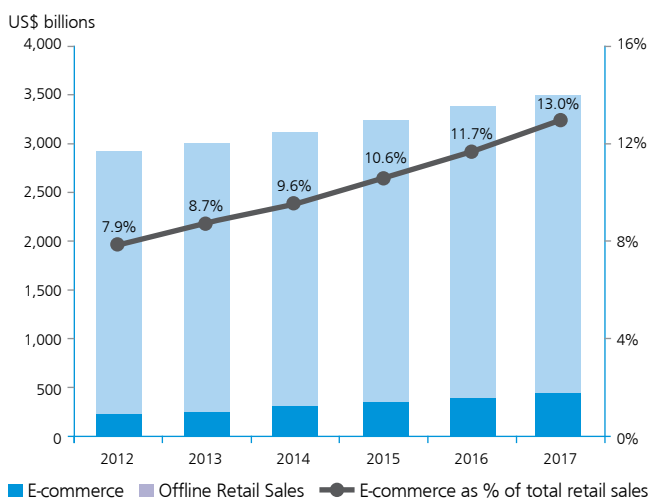
M-commerce accounted for 58.9% of e-Commerce sales. Consumers have started to feel more comfortable making purchases on their smartphones resulting in 40% rise in global m-commerce sales to US\$ 1.4 trillion for the year 2017. Markets with significant mobile spending include China, Japan, South Korea, the UK and the U.S.

### THE U.S. E-COMMERCE INDUSTRY

In the year 2017, the U.S. online retail sales grew by 16% to US\$ 454 billion, this was the highest growth rate since 2011. The major factors contributed for this growth are strong broad-based retail market growth and shifting pattern from offline to online shopping.

e-Commerce comprised 13% of total retail sales in 2017, when factoring out sale of items not normally purchased online, such

### Shift from Offline to Online continues...



Source: Internet Retail Guide, US Department of commerce. This factors out the sale of items not normally purchased online such as fuel, automobiles and sales in bars & restaurants.

as fuel, automobiles and sales in restaurants. This is a significant increase from 11.6% achieved in 2016 and doubled from 6.4% in 2010.

### 2018 TOP 1000 RETAILERS

The report of the Internet Retailers includes a list of top 1000 retailers in North America and the report provides current e-Commerce trends including in-depth analysis. In the 2018 Guide, Internet Retailer has rebased the rankings, and added many more companies that were not included in the rankings till last year. The retailers ranked in the report account for roughly 92% of the 2017 online retail sales in the U.S. and Canada. The largest groups in the Top 1000 are the 397 retailers that are e-Commerce companies. Web-only retailers increased their sales by 20.6% in 2017 over 2016. 123Stores ranked #231 in the Internet Retailer's Top 1000 Guide for 2018 and outpaced the growth for web-only retailers and the overall US e-Commerce industry.

## INDUSTRY OUTLOOK

The entire world is today witnessing a shift in the retail and e-commerce landscape. In 2017, retail e-commerce sales worldwide reached US\$ 2.30 trillion and m-commerce accounted for 58.9%. Current retail trends show that 51% of Americans prefer online shopping, with e-commerce growing 23% year-over-year and is expected to grow at an even faster rate as brands embrace the power of voice search and omni-platform/omni-device options. Voice assistants are already being used to make purchases by 40% of millennials, which is expected to exceed 50% by 2020. This transformation of the digital retail landscape will only continue to grow as more consumers integrate digital devices into their shopping habits. Technology will continue to transform the lives of humans. As AI-powered chat-bots become even smarter, the rise of artificial intelligence chat-bot interfaces will continue. From virtual personal shoppers to personal recommendation technology powered by AI software, the future of retail will be more personalized.

## INTRASOFT TECHNOLOGIES LIMITED – OVERVIEW

IntraSoft is a leading Online Multi-channel retailer and has significant presence across major online marketplaces such as Amazon, eBay, com, Rakuten.com, Sears.com, Jet.com, Newegg etc. In addition, the company also sells products through its own web portal. The company offers products under various categories, such as furniture, patio, lawn and garden; musical instruments and gadgets; home improvements and art crafts, kitchen dining and appliances; toys, games and baby products; sports and outdoor, and others.

123Stores has been ranked 231st Amongst the largest online retailers in U.S. As per re-based Annual Internet Retailer Top 1000 Guide for 2018, this is the 5th consecutive year that 123Stores has featured in the list of largest online retailers. Whilst online retailing in U.S. grew by 16%, 123Stores grew at 31% during 2017. As the company continues to invest in technology to provide customers a better shopping experience, the focus on market share growth has yielded results.

A wide product range, attractive pricing, speedy and convenient delivery to customers backed by superior technology and efficient supply chain have resulted in our strong sales growth. 123Stores was ranked 689 on the 2017 list of America's fastest growing private companies, as compared to 1641 on the 2014 list.

## BUSINESS PERFORMANCE

We had a remarkable year as we continued our momentum from last year and grew by 30% in constant currency and 25% in INR terms, while maintaining our positive customer ratings and strengthening our position in the market. This has been driven by the scalability of our technology platform, our data driven decision making and our focus on improving our service level for our vendors. The result is an increase in our wallet-share of the vendors.

In the burgeoning world of e-commerce that is dominated by global online marketplaces, IntraSoft play a crucial and critical role – that of bridging the gap between marketplaces that are customer-focused and vendors that are product focused. Through

a deep understanding of customers' buying patterns that has been enabled by our technology platform and the demand forecasting, IntraSoft ensures there is a wide range of the product selection for marketplace's customers. On the other side, IntraSoft has a developed lasting vendor relationships that assure consistency in supply and best prices. IntraSoft's expertise thus enables to connect demand with supply. With a wide and well-entrenched network using top logistic partners, the Company ensures timely fulfilment of each order.

It is our efficiency, our strong technology backbone and our high service levels for our vendors that makes us one of the most attractive online retailers to look out for, as the US retail market continues with its shift from online to offline, opening up yet bigger opportunities for growth for sellers.

## FINANCIAL HIGHLIGHTS

FY 2017-18 continues to be another record breaking year for IntraSoft in terms of revenues.

### CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

(Amount ₹ in Lacs)

| Particulars                                                                   | Year Ended<br>31 March 2018 | Year Ended<br>31 March 2017 |
|-------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Revenue from Operations                                                       | 116,986.78                  | 93,901.06                   |
| Cost of Goods Sold<br>(Incl. Shipping)                                        | 96,673.62                   | 74,747.62                   |
| <b>Gross Profit</b>                                                           | <b>20,313.16</b>            | <b>19,153.44</b>            |
| Sales & Marketing Expenses                                                    | 14,952.79                   | 13,573.23                   |
| Employee Benefit Expenses                                                     | 2,039.06                    | 2,341.25                    |
| General & Administrative<br>Expenses                                          | 1,417.83                    | 1,491.62                    |
| <b>Earnings/(Deficit) from<br/>Operations</b>                                 | <b>1,903.48</b>             | <b>1,747.34</b>             |
| Other Income (Net)                                                            | 510.88                      | 674.54                      |
| <b>Earnings before Interest,<br/>Tax, Depreciation &amp;<br/>Amortisation</b> | <b>2,414.36</b>             | <b>2,421.88</b>             |
| Depreciation & Amortisation                                                   | 195.57                      | 187.44                      |
| <b>Earnings before<br/>Interest &amp; Tax</b>                                 | <b>2,218.79</b>             | <b>2,234.44</b>             |
| Finance Costs                                                                 | 264.33                      | 355.53                      |
| Profit Before Tax (PBT)                                                       | 1,954.46                    | 1,878.91                    |
| Tax Expense                                                                   | 581.31                      | 550.63                      |
| <b>Profit After Tax (PAT)</b>                                                 | <b>1,373.15</b>             | <b>1,328.28</b>             |

## GROWTH DRIVERS

### TECHNOLOGICAL ADVANCEMENT

The rapid improvement and innovation in internet and mobile technologies have widened the horizon for e-commerce. Machine learning and AI are creating a better customer experience as

behaviour-based analysis leads to personalisation and data driven optimisation for e-commerce customers. As consumers have started to speak with their devices and use voice to interact (conversational AI), retailers will have to respond by changing the ways they communicate.

## M-COMMERCE

The adoption of latest mobile technologies is playing a big role in the growth of e-commerce. According to HootSuite, mobile internet penetration had grown to 4.96 billion mobile internet users against a world population of 7.48 billion in April 2017. M-commerce is expected to make up 39.6% of e-commerce sales and 4% of total retail sales in 2018 and will rise to nearly half of e-commerce sales by 2020. In 2018 there will be 155.5 million mobile buyers, up 5.6% over last year. And 64.7% of those mobile buyers will use a smartphone to make the purchase.

## INCREASED RANGE OF PAYMENTS

Mobile payments have the largest share of the payment market share. As per industry experts, it is estimated that payment transaction will reach US\$ 142 billion by 2019. There has also been a high growth of online wallets and crypto currencies and other digital currencies that are making it possible to trade without worrying about exchange rates and country-specific financial issues. The advancement of simplified payment technology on mobile, including fingerprint and facial recognition, will boost the percentage of transactions completed on mobile.

## RISK MANAGEMENT

- **Seasonal business** – As the U.S. festive season falls in the third quarter of financial year, the U.S. e-commerce sales activity is concentrated in the third quarter. Accordingly, the company's revenue generation is concentrated towards the third quarter of the financial year.

### Mitigation

The company with its investments in proprietary technology development has built a robust order processing system and delivery engine. This makes the whole platform scalable and seamlessly deliver manifold orders, as demand increases during the holiday season. Moreover, coupled with a better demand forecasting engine, the company is able to procure more judiciously and optimise inventory management. The inventory turns has increased from 13.4 times during the end of FY17 to 16.3 times as of FY18 on a trailing 12-month basis.

- **Managing growth through improved processes and systems could be a challenge.**

### Mitigation

The tech platform has been strengthened and there is adequate inventory build-up to cater the demand in the forthcoming quarters. Having optimised the inventory efficiency during FY18, the focus now is on increasing the vendor's credit and generating cash flows through operations. This should strengthen the

balance sheet to fuel growth in future. Additionally, the recent tax reforms by the U.S. government will provide a stimulus for long term growth and will aid to add new products from our vendors and increase our wallet share amongst our vendors.

- **Operational challenges in building up a large vendor network.**

### Mitigation

The company invests a lot of resources to expand and nurture the vendor network. The company has a dedicated team to manage vendors and also explores all opportunities to participate in industry events like trade shows, marketplaces' promotional events, conferences, etc. These initiatives along with consistent positive ratings and robust technology platform would support the company to grow the vendor network to achieve higher scale.

## HUMAN RESOURCES MANAGEMENT

The company realises that its employees are the most valuable assets and constantly endeavours to provide the best work culture and environment. The HR team helps in building teams of talented and motivated individuals. Through regular investments in training initiatives, the company provides a platform to nurture personal development and skill enhancement of employees.

The success of the company is a result of the talented, skilled and hard-working team of professionals. The approach has been to hire the right employees and provide them an environment to grow and learn and to keep them motivated.

The company has put in place a rewards and recognition programme to recognise and appreciate the talented employees. The efforts of the company have been fruitful as can be seen from the growth in revenue per employee and also the company can be considered amongst the best tech companies in terms of employee productivity. The company and its subsidiary had 144 employees on its rolls as on 31 March 2018.

## INTERNAL CONTROLS

The company has put in place an adequate system of internal controls to ensure robust processes are in place. Internal audit is a critical pillar of the internal control strategy and is conducted regularly to check and verify whether all systems and processes are complying with applicable statutes and adequate in safeguarding the assets from unauthorised use or are losses. An audit committee has been set up to keep a check on the existing systems and take corrective actions as required. The management also regularly reviews all vital processes and control systems which further strengthen the organisation.

The emphasis on internal controls is implemented across all functions and processes. All measures are taken to ensure that the controls put in place are both adequate and commensurate with size and nature of the company's operations.

# Directors' Report

To  
The Shareholders  
IntraSoft Technologies Limited

We are pleased to present the Twenty Third Annual Report of **IntraSoft Technologies Limited** ("the Company") together with the Audited Financial Statements for the financial year ended 31 March 2018.

## FINANCIAL STATEMENTS & RESULTS

### a. Financial Results:

The consolidated and standalone performance during the year ended 31 March 2018 as compared to the previous financial year is summarized below:

| <b>CONSOLIDATED FINANCIALS</b>                 |                   | Amount (₹ in Lacs) |
|------------------------------------------------|-------------------|--------------------|
| <b>Particulars</b>                             | <b>2017-18</b>    | 2016-17            |
| Total Income                                   | <b>117,497.66</b> | 94,575.60          |
| <b>Profit before Interest and Depreciation</b> | <b>2,414.36</b>   | 2,421.88           |
| Less : Finance Cost                            | <b>264.33</b>     | 355.53             |
| Less : Depreciation                            | <b>195.57</b>     | 187.44             |
| <b>Profit before Tax</b>                       | <b>1,954.46</b>   | 1,878.91           |
| Less : Provision for Income Tax                | <b>581.31</b>     | 550.63             |
| <b>Profit after Tax</b>                        | <b>1,373.15</b>   | 1,328.28           |

On Standalone basis, total Income of the Company recorded at ₹ 1,533.53 Lacs in FY 2017-18 against ₹ 1,927.29 Lacs in FY 2016-17. EBITDA is recorded at ₹ 270.53 Lacs in FY 2017-18 against ₹ 631.51 Lacs in FY 2016-17. PBT for the financial year under review is recorded at ₹ 119.90 Lacs against ₹ 424.21 Lacs in FY 2016-17. The net profit for the financial year under review is ₹ 125.02 Lacs as compared to 394.36 Lacs of the previous financial year.

### b. Business:

The performance of the company and its subsidiaries during the financial year 2017-18 was remarkable. Our total consolidated income (including Other Income) for the financial year under review is ₹ 117,497.66 Lacs, as compared to ₹ 94,575.60 Lacs in the previous financial year, registering a growth of 24.24 % year-on-year in INR terms. The Consolidated Net Profit for the financial year under review increased by 3% to ₹ 1,373.15 Lacs from ₹ 1,328.28 Lacs during the previous financial year. Hence we are growing overall market share in the Sellers' market. Revenue from operations increased by 30% in constant currency terms and 25% in INR terms to ₹ 116,986.78 Lacs.

123Stores, the e-commerce business, continued its growth momentum and remained the major revenue generator for the group. Year 2017 was another year of strong growth

for the U.S. e-commerce market, as consumers continued to shift their retail spending from the traditional brick-and-mortar to online. As per U.S Department of commerce, online retail sales grew by 16.4% in 2017, the highest since 2011, comprising 13% of total retail sales, while offline retail sales grew by just 1.9% for the year. 123Stores grew by 31% during 2017 clearly outpacing the 16.4% growth for online retail growth and 18% for the Top 1000 retailers, hence increasing its market share. During the year, 123Stores added more products from existing vendors, increasing their share of vendor's wallet.

This has been the year where the company also improved its working capital efficiency and reduced its working capital cycle from 18 days to 15 days, led primarily by optimizing inventory performance and optimizing ordering system management. The Company also worked on increasing automation levels enabled by scalable technology platform, coupled with a demand forecasting engine and auto replenishment software. The Company's focus on increasing operational efficiencies by leveraging technology and optimizing processes increased efficiencies and resulted in a new high in the revenue per employee trends. Going forward, the company aims at increasing vendors' credit, the process for which has started during the end of the financial year 2017-18. This should lead to improved working capital cycle and cash flow generation in the coming years.

There was no change in the nature of the business of the company, during the year under review.

### c. Performance of Subsidiaries, Associates and Joint Venture Companies

The Company has three wholly owned subsidiaries and two step down subsidiaries as on 31 March 2018 viz. 123Greetings.com, Inc (USA), IntraSoft Ventures Pte. Ltd (Singapore) & One Two Three Greetings (India) Private Limited (India) wholly owned subsidiaries and 123Stores, Inc (USA), wholly owned subsidiary of IntraSoft Ventures Pte. Ltd (Singapore) and 123Stores E Commerce Private Limited (India), wholly owned subsidiary of 123Stores, Inc. The entire group focuses on the E-Commerce business by consolidating all operations related to E-Commerce and online greeting activities to achieve financial and operational efficiencies.

In accordance with Section 129 of the Companies Act, 2013, consolidated financial statements of the Company along with its subsidiaries have been prepared which forms part of this Annual Report. Further, the performance and financial position of each of the subsidiaries for the year ended 31 March 2018 is attached and marked as **Annexure I (FormAOC-1)** and forms part of this Report.

## APPROPRIATIONS

### a. Dividend

The Board of Directors of the Company has recommended a final dividend of ₹ 2/- (20%) (previous year ₹ 2/- per equity share) per equity share of face value of ₹ 10/- for the financial year 2017-18, which if approved would absorb ₹ 355.20 Lacs including dividend distribution tax of ₹ 60.56 Lacs (Previous year ₹ 354.61 Lacs including dividend distribution tax of ₹ 59.98 Lacs).

### b. Transfer to Reserves

The Board of Directors has not recommended transfer of any amount of profit to reserves during the year under review. Hence, the entire amount of profit for the year under review has been carried forward to the Profit and Loss account.

## FINANCIAL STATEMENTS AS PER IND-AS.

Financial Statements for the year ended 31 March 2018 are in accordance with the Indian Accounting Standards (IND-AS) notified by the Ministry of Corporate Affairs, Government of India, which have become applicable to the Company for the accounting period beginning on 01 April 2017. Consequently, Financials for the period ended 31 March 2017 have been restated as per requirements of the said notification to comply with IND-AS.

## DEPOSITS

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 ("the Act") read with the Companies (Acceptance of

Deposits) Rules, 2014. Hence, the requirement for furnishing of details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

## DISCLOSURES UNDER SECTION 134(3)(L) OF THE COMPANIES ACT, 2013

Except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and the date of this report.

## DISCLOSURE OF INTERNAL FINANCIAL CONTROLS

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are found adequate. During the year under review, no material or serious observation has been received from the Internal Auditors of the Company for inefficiency or inadequacy of such controls.

## DISCLOSURE OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL

Your Directors would like to inform that no orders have been passed by any Regulator or Court or Tribunal which can have impact on the going concern status and on the Company's operations in future.

## PARTICULAR OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES

All contracts / arrangements / transactions entered into by the Company during the financial year with its wholly owned subsidiaries were in the ordinary course of business and at an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered as material related party transaction in accordance with the policy of the Company on related party transactions read with SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. The Policy on related party transactions as approved by the Board may be accessed on the Company's website [www.itlindia.com](http://www.itlindia.com).

Your Directors draw attention of the members to Note no. 28 of Standalone financial statements which sets out disclosures on related parties and transactions entered into with the said parties.

## PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES

Full particulars of loans given, investments made, guarantees given and securities provided along with the purposes for which the loans or guarantees or securities are proposed to be utilized by the recipient(s) thereof are provided in Note nos. 6, 7, 8 and 26 of standalone financial statements.

## SHARE CAPITAL

During the year under review, the Company has not issued any shares with differential voting rights and sweat equity shares and hence, disclosures under Section 43(a)(ii) and Section 54(1)(d) of

the Companies Act, 2013 read with relevant rules are not required to be furnished. The Company does not have a scheme of ESOP and hence disclosures pursuant to Section 67(3) of the Companies Act, 2013 are also not required to be furnished.

## **MATTERS RELATED TO DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

### **a. Board of Directors & Key Managerial Personnel**

The tenure of Mr. Arvind Kajaria as Managing Director and Mr. Sharad Kajaria as Whole-time Director of the Company expired on 31 March 2017. The Board of Directors of the Company at its Meeting held on 18 March 2017, subject to the approval of the shareholders, re-appointed Mr. Arvind Kajaria as Managing Director and Mr. Sharad Kajaria as Whole-time Director of the Company for a further term of 3 (three) years with effect from 01 April 2017. The said Appointments of Mr. Arvind Kajaria as Managing Director and of Mr. Sharad Kajaria as Whole-time Director was approved by shareholders of the Company in the Annual General Meeting held on 22 August 2017.

The Board of Directors at its Meeting held on 18 March 2017 had also appointed Mr. Ashok Bhandari as Director in the category of an Independent Director of the Company w.e.f. 18 March 2017. The said Appointment of Mr. Ashok Bhandari as Independent Director was also approved by the shareholders in the Annual General Meeting held on 22 August 2017.

In accordance with the provisions of the Act, none of the Independent Directors is liable to retire by rotation. Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Arvind Kajaria shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The Board recommends his appointment.

### **b. Declaration by Independent Directors**

The Independent Directors of the Company have given a declaration confirming that they continue to meet with the criteria of the independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 as further amended by the Companies Amendment Act, 2017 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

There has been no change in the circumstances which may affect their status as Independent director during the year.

### **c. Company's Policy on Director's appointment and remuneration**

The Board has as per the recommendation of the Nomination and Remuneration Committee, framed a policy on selection and appointment of Directors and Senior Managerial personnel and their remuneration. The details of said policy are given in the Corporate Governance Report which forms part of this Annual Report.

## **DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES:**

### **a. Board Meetings**

The Board of Directors met 5 (Five) times during the financial year 2017-18 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder. Detailed information on the Board Meetings is provided in the Corporate Governance Report which forms part of this Annual Report.

### **b. Director's Responsibility Statement**

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended 31 March 2018, the Board of Directors hereby confirms that:

- i. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- ii. such accounting policies have been selected and applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2018 and of the profit of the Company for that year;
- iii. proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the annual accounts of the Company have been prepared on a going concern basis;
- v. internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- vi. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **c. Committees of the Board**

There are five Committees of the Board of Directors of the Company viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee. The other Committee named as Business Advisory Committee was constituted during the year. Detailed information on all the Committees is provided in the Corporate Governance Report alongwith the details of extract from Nomination and Remuneration Policy of the Company with respect to remuneration of Executive Directors, Key Managerial Personnel and other senior employees of the Company.

Policies framed by the Committees / Board pursuant to the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are available on the Company's Website [www.itlindia.com](http://www.itlindia.com).

## POLICIES

### a. Vigil Mechanism Policy for the Directors and Employees

The Board of Directors of the Company have pursuant to the provisions of Section 178(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, framed a "Vigil Mechanism Policy" for Directors and employees of the Company to provide a mechanism which ensures adequate safeguards to employees and Directors from any victimization on raising of concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc.

The employees of the Company have the right to report their concern/grievance to the Chairman of the Audit Committee.

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations.

### b. Risk Management Policy

The Board of Directors of the Company has designed Risk Management Policy and Guidelines to avoid events, situations or circumstances which may lead to negative consequences on the Company's businesses, and define a structured approach to manage uncertainty and to make use of these in their decision making pertaining to all business divisions and corporate functions. Key business risks and their mitigation are considered in the annual/strategic business plans and in periodic management reviews.

## ANNUAL EVALUATION OF DIRECTORS, COMMITTEE AND BOARD

The Board of Directors has carried out annual evaluation of its own performance, Committees of the Board and individual directors pursuant to the provisions of the Companies Act, 2013 and the Corporate Governance requirements as prescribed under Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement), Regulation 2015 ("SEBI Listing Regulation").

A statement indicating the manner for evaluation of performance of the Board, its committees and individual Directors is stated in the Corporate Governance Report forming part of this Annual Report.

## INTERNAL CONTROL SYSTEMS

Adequate internal control systems commensurate with the nature of the Company's business, size and complexity of its operations are in place and have been operating satisfactorily. Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, timely feedback on

achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations and that all assets and resources are acquired economically, used efficiently and adequately protected.

## PAYMENT OF REMUNERATION / COMMISSION TO DIRECTORS FROM HOLDING OR SUBSIDIARY COMPANIES

None of the managerial personnel i.e. Managing Director and Whole-time Director of the Company are in receipt of remuneration/ commission from the Subsidiary Companies of the Company.

## AUDITORS AND REPORTS:

The matters related to Auditors and their Reports for the year ended 31 March 2018 are as under:-

### a. Observations of Statutory Auditors on Accounts for the Year ended 31 March 2018:

There are no observations of the Statutory Auditors in their report for the financial year ended 31 March 2018.

### b. Secretarial Audit Report:

Provisions of Section 204 read with Section 134(3) of the Companies Act, 2013, mandates the Company to obtain a Secretarial Audit Report in the Form MR-3 from a Practicing Company Secretary. M/s. Rathi and Associates, Company Secretaries had been appointed as Secretarial Auditors to issue Secretarial Audit Report for the financial year 2017-18.

Secretarial Audit Report issued by M/s. Rathi and Associates, Company Secretaries in Form MR-3 for the financial year 2017-18 forms part of this report.

### c. Auditors:

The Auditors, Walker Chandiok & Co. LLP, Chartered Accountants were appointed as Statutory Auditors of the Company at the 21<sup>st</sup> Annual General Meeting held on 08 September 2016, for consecutive term of 5 (five) years i.e. to hold office up to the conclusion of the 26<sup>th</sup> Annual General Meeting of the Company. As per Companies Amendment Act, 2017, henceforth, ratification of the Appointment of Auditor is not required in the every Annual General Meeting during their tenure.

### d. Fraud Reporting:

During the year under review, there were no serious frauds..

## EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, Extract of Annual Return in the prescribed format for the financial year ended 31 March 2018 is attached as Annexure II which forms part of this Report.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as required under the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the

Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo etc. are furnished in Annexure III which forms part of this Report.

#### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

Pursuant to Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company was not required to spend any amount towards Corporate Social Responsibility activities.

The Annual Report on CSR as required to be disclosed under the above mentioned rules for the Financial Year 2017-18 is attached to this report as Annexure IV.

#### PARTICULARS OF EMPLOYEES AS PER SECTION 197 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The information required pursuant to Section 197 read with Rule 5 (1) and 5 (2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is attached to this report as Annexure V.

#### DISCLOSURES UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has taken sufficient measures and adopted a policy in terms of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules thereunder. During the year under review, no complaints in relation to sexual harassment at workplace have been reported.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS

A detailed review of the operations, performance and future outlook of the Company and its business is given in the Management's Discussion and Analysis which is attached and forms part of this Report.

#### CORPORATE GOVERNANCE REPORT

The Company is committed to uphold the values of transparency, integrity, accountability and ethical corporate citizenship across all its business activities. This commitment lays down the foundation of its governance practices which focus on creating sustainable value for the stakeholders.

The Company has laid down Code of Conduct to which the board and senior management have affirmed compliance. The Code is displayed on the official website of the Company at [www.itlindia.com](http://www.itlindia.com).

The Company has complied with the provisions of Corporate Governance requirements, as stipulated under Regulation 27 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate section on Corporate Governance forming part of the Directors' Report and the certificate from a Practicing Company Secretary pursuant to the said Regulation is attached with the Corporate Governance Report.

#### ACKNOWLEDGEMENTS AND APPRECIATION

Your Directors take this opportunity to place on its gratitude to customers, shareholders, suppliers, bankers, business partners/ associates and financial institutions for their consistent support and encouragement to the Company.

For and on behalf of the Board

**ARVIND KAJARIA**

Managing Director  
(DIN No. 00106901)

**SHARAD KAJARIA**

Whole-time Director  
(DIN No. 00108036)

Place : Kolkata

Date : 28 May 2018

Registered Office:

**CIN: L24133MH1996PLC197857**

A-502, Prathamesh, Raghuvanshi Mills Ltd. Compound,  
Senapati Bapat Marg, Lower Parel (W),  
Mumbai – 400 013

Tel: 022 4004 0008 Fax: 022 2490 3123

Email: [intrasoft@itlindia.com](mailto:intrasoft@itlindia.com) Website: [www.itlindia.com](http://www.itlindia.com)

## ANNEXURE I

## FORM AOC-1

## PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]

## PART A SUBSIDIARIES

(Amount ₹ in Lacs)

| 1  | Name of the subsidiary/Joint Venture/<br>Associate Companies                                                                       | 123 Greetings.<br>com, Inc. | Intrasoft<br>Ventures Pte. Ltd.<br>(Standalone) | One Two Three<br>Greetings (India)<br>Private Limited | 123Stores, Inc. *<br>(Consolidated) |
|----|------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-------------------------------------------------|-------------------------------------------------------|-------------------------------------|
| 2  | Date since when Subsidiary was acquired<br>(DOA)                                                                                   | 27 May 1999                 | 12 April 2007                                   | 31 January 2007                                       | 05 September<br>2015                |
| 3  | Reporting period for the subsidiary concerned,<br>if different from the holding company's<br>reporting period                      | Same as Holding<br>Company  | Same as Holding<br>Company                      | Same as Holding<br>Company                            | Same as Holding<br>Company          |
| 4  | Reporting currency and Exchange rate as on<br>the last date of the relevant Financial Year in<br>the case of foreign subsidiaries. | USD, 1 USD =<br>₹65.17      | SGD, 1 SGD =<br>₹49.64                          | INR                                                   | USD, 1 USD =<br>₹65.17              |
| 5  | Share capital                                                                                                                      | 65.17                       | 719.81                                          | 200.00                                                | 651.70                              |
| 6  | Reserves and Surplus                                                                                                               | 78.01                       | (27.04)                                         | 11.00                                                 | 2,502.70                            |
| 7  | Total Assets                                                                                                                       | 272.93                      | 695.35                                          | 290.38                                                | 16,435.15                           |
| 8  | Total Liabilities                                                                                                                  | 129.75                      | 2.58                                            | 79.38                                                 | 13,280.75                           |
| 9  | Investments                                                                                                                        | -                           | 671.44                                          | -                                                     | -                                   |
| 10 | Turnover                                                                                                                           | 1,345.31                    | -                                               | 17.65                                                 | 115,623.81                          |
| 11 | Profit before taxation                                                                                                             | 4.75                        | (6.52)                                          | 0.21                                                  | 1,912.11                            |
| 12 | Provision for taxation                                                                                                             | 0.98                        | -                                               | 0.05                                                  | 603.04                              |
| 13 | Profit after taxation                                                                                                              | 3.77                        | (6.52)                                          | 0.16                                                  | 1,309.07                            |
| 14 | Proposed Dividend                                                                                                                  | -                           | -                                               | -                                                     | -                                   |
| 15 | % of shareholding                                                                                                                  | 100                         | 100                                             | 100                                                   | 100                                 |
| 16 | Contribution to the overall performance of<br>the Company during the period under report<br>(%)                                    | 69.49%                      | (0.48%)                                         | 0.23%                                                 | 95.60%                              |

\* 123Stores, Inc. is a Wholly Owned Subsidiary of Intrasoft Ventures Pte. Ltd (DOA - 01 October 2014). The Consolidated Performance consists of 123Stores, Inc. and its wholly owned subsidiary 123Stores Ecommerce Private Limited (DOA – 05 September 2015).

## PART B ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

There is no Company which is an Associate or Joint Venture of the Company.

## Note:

1. There is no subsidiary of the Company which is yet to commence operations.
2. No associates or joint ventures have been liquidated or sold during the year.

## ANNEXURE II

### EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED ON 31 MARCH 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and  
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I REGISTRATION AND OTHER DETAILS:

|                                                                            |                                                                                                                                                                         |
|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CIN                                                                        | : L24133MH1996PLC197857                                                                                                                                                 |
| Registration Date                                                          | : 27 February, 1996                                                                                                                                                     |
| Name of the Company                                                        | : IntraSoft Technologies Limited                                                                                                                                        |
| Category / Sub-Category of the Company                                     | : Public Company limited by Shares/Non-Government Company                                                                                                               |
| Address of the Registered office and contact details                       | : A-502, Prathamesh, Raghuvanshi Mills Ltd Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400 013                                                          |
| Whether listed company                                                     | : Yes                                                                                                                                                                   |
| Name, Address and Contact details of Registrar and Transfer Agent, if any: | : M/s Link Intime India Private Limited<br>C-101, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400083<br>Tel. No. 022 49186000<br>Fax No. 022 49186060 |

#### II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

| Sl. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the Company |
|---------|-------------------------------------------------|----------------------------------|------------------------------------|
| 1       | IT Enabled Services                             | 631                              | 100%                               |

#### III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| Sr. No. | Name and address of the Company                      | CIN / GLN                          | Holding / subsidiary / associate | % of shares held | Applicable section |
|---------|------------------------------------------------------|------------------------------------|----------------------------------|------------------|--------------------|
| 1       | 123Greetings.Com, Inc (USA)                          | CAWRB19990046<br>(Foreign Company) | Subsidiary                       | 100              | 2(87)              |
| 2       | IntraSoft Ventures Pte.Ltd.<br>(Singapore)           | 200706172G<br>(Foreign Company)    | Subsidiary                       | 100              | 2(87)              |
| 3       | One Two Three Greetings<br>(India) Pvt. Ltd. (India) | U72900MH2007PTC167426              | Subsidiary                       | 100              | 2(87)              |
| 4       | 123Stores, Inc (USA)                                 | CAWAZ20070381<br>(Foreign Company) | Subsidiary                       | 100              | 2(87)              |
| 5       | 123Stores E Commerce Pvt. Ltd.<br>(India)            | U74900WB2015PTC206149              | Subsidiary                       | 100              | 2(87)              |

#### IV SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY):

##### i. CATEGORY-WISE SHARE HOLDING:

| Category of Shareholders                           | No. of Shares held at the beginning of the year                               |           |       |                   | No. of Shares held at the end of the year |           |       |                   | % Change during the year |       |
|----------------------------------------------------|-------------------------------------------------------------------------------|-----------|-------|-------------------|-------------------------------------------|-----------|-------|-------------------|--------------------------|-------|
|                                                    | Demat                                                                         | Physical  | Total | % of Total Shares | Demat                                     | Physical  | Total | % of Total Shares |                          |       |
| A. Promoters                                       |                                                                               |           |       |                   |                                           |           |       |                   |                          |       |
| (1) Indian                                         |                                                                               |           |       |                   |                                           |           |       |                   |                          |       |
| a)                                                 | Individual/HUF                                                                | 7,000,014 | 0     | 7,000,014         | 47.52                                     | 7,000,014 | 0     | 7,000,014         | 47.52                    | 0.00  |
| b)                                                 | Central Govt                                                                  | 0         | 0     | 0                 | 0.00                                      | 0         | 0     | 0                 | 0.00                     | 0.00  |
| c)                                                 | State Govt(s)                                                                 | 0         | 0     | 0                 | 0.00                                      | 0         | 0     | 0                 | 0.00                     | 0.00  |
| d)                                                 | Bodies Corp.                                                                  | 0         | 0     | 0                 | 0.00                                      | 0         | 0     | 0                 | 0.00                     | 0.00  |
| e)                                                 | Banks / FI                                                                    | 0         | 0     | 0                 | 0.00                                      | 0         | 0     | 0                 | 0.00                     | 0.00  |
| f)                                                 | Any other                                                                     | 0         | 0     | 0                 | 0.00                                      | 0         | 0     | 0                 | 0.00                     | 0.00  |
| Sub-total(A)(1):                                   |                                                                               | 7,000,014 | 0     | 7,000,014         | 47.52                                     | 7,000,014 | 0     | 7,000,014         | 47.52                    | 0.00  |
| (2) Foreign                                        |                                                                               |           |       |                   |                                           |           |       |                   |                          |       |
| a)                                                 | NRIs – Individuals                                                            | 0         | 0     | 0                 | 0.00                                      | 0         | 0     | 0                 | 0.00                     | 0.00  |
| b)                                                 | Other – Individuals                                                           | 0         | 0     | 0                 | 0.00                                      | 0         | 0     | 0                 | 0.00                     | 0.00  |
| c)                                                 | Bodies Corp.                                                                  | 0         | 0     | 0                 | 0.00                                      | 0         | 0     | 0                 | 0.00                     | 0.00  |
| d)                                                 | Banks / FI                                                                    | 0         | 0     | 0                 | 0.00                                      | 0         | 0     | 0                 | 0.00                     | 0.00  |
| e)                                                 | Any other:                                                                    |           |       |                   |                                           |           |       |                   |                          |       |
|                                                    | Indian Individuals holding as nominees of Indian and Foreign Body Corporates* | 0         | 0     | 0                 | 0.00                                      | 0         | 0     | 0                 | 0.00                     | 0.00  |
| Sub-total (A)(2):                                  |                                                                               | 0         | 0     | 0                 | 0.00                                      | 0         | 0     | 0                 | 0.00                     | 0.00  |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2) |                                                                               | 7,000,014 | 0     | 7,000,014         | 47.52                                     | 7,000,014 | 0     | 7,000,014         | 47.52                    | 0.00  |
| B. PublicShareholding                              |                                                                               |           |       |                   |                                           |           |       |                   |                          |       |
| (1) Institutions                                   |                                                                               |           |       |                   |                                           |           |       |                   |                          |       |
| a)                                                 | Mutual Funds                                                                  | 0         | 0     | 0                 | 0.00                                      | 0         | 0     | 0                 | 0.00                     | 0.00  |
| b)                                                 | Banks / FI                                                                    | 26,831    | 0     | 26,831            | 0.18                                      | 15,575    | 0     | 15,575            | 0.11                     | -0.07 |
| c)                                                 | Central Govt                                                                  | 0         | 0     | 0                 | 0.00                                      | 4,379     | 0     | 4,379             | 0.03                     | 0.03  |
| d)                                                 | State Govt(s)                                                                 | 0         | 0     | 0                 | 0.00                                      | 0         | 0     | 0                 | 0.00                     | 0.00  |
| e)                                                 | Venture Capital Funds                                                         | 0         | 0     | 0                 | 0.00                                      | 0         | 0     | 0                 | 0.00                     | 0.00  |
| f)                                                 | Insurance Companies                                                           | 114       | 0     | 114               | 0.00                                      | 114       | 0     | 114               | 0.00                     | 0.00  |
| g)                                                 | FIIs/Foreign Portfolio Investors                                              | 1,448,810 | 0     | 1,448,810         | 9.83                                      | 1,700,645 | 0     | 1,700,645         | 11.54                    | 1.71  |
| h)                                                 | Alternate Investment fund                                                     |           |       |                   |                                           | 191,900   | 0     | 191,900           | 1.30                     | 1.30  |
| i)                                                 | Foreign Venture Capital Funds                                                 |           |       |                   |                                           |           |       |                   |                          |       |
| j)                                                 | Others (specify)                                                              | 0         | 0     | 0                 | 0.00                                      | 0         | 0     | 0                 | 0.00                     | 0.00  |
| Sub-total (B)(1):                                  |                                                                               | 1,475,755 | 0     | 1,475,755         | 10.02                                     | 1,912,613 | 0     | 1,912,613         | 12.98                    | 2.97  |

| Category of Shareholders                    | No. of Shares held at the beginning of the year                             |            |        |                   | No. of Shares held at the end of the year |            |        |                   | % Change during the year |       |
|---------------------------------------------|-----------------------------------------------------------------------------|------------|--------|-------------------|-------------------------------------------|------------|--------|-------------------|--------------------------|-------|
|                                             | Demat                                                                       | Physical   | Total  | % of Total Shares | Demat                                     | Physical   | Total  | % of Total Shares |                          |       |
| (2) Non-Institutions                        |                                                                             |            |        |                   |                                           |            |        |                   |                          |       |
| a)                                          | Bodies Corp.:                                                               |            |        |                   |                                           |            |        |                   |                          |       |
| i)                                          | Indian                                                                      | 2,314,423  | 0      | 2,314,423         | 15.71                                     | 1,640,535  | 0      | 1,640,535         | 11.14                    | -4.57 |
| ii)                                         | Overseas                                                                    | 0          | 0      | 0                 | 0.00                                      | 0          | 0      | 0                 | 0.00                     | 0.00  |
| b)                                          | Individuals:                                                                |            |        |                   |                                           |            |        |                   |                          |       |
| i)                                          | Individual shareholders holding nominal share capital upto ₹ 1 lakh         | 1,825,227  | 32,102 | 1,857,329         | 12.61                                     | 1,549,155  | 28,252 | 1,577,407         | 10.71                    | -1.90 |
| ii)                                         | Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 1,505,734  | 0      | 1,505,734         | 10.22                                     | 2,091,489  | 0      | 2,091,489         | 14.20                    | 3.98  |
| c)                                          | Others: (specify)                                                           |            |        |                   |                                           |            |        |                   |                          |       |
| i)                                          | Hindu Undivided Family                                                      | 260,056    | 0      | 260,056           | 1.76                                      | 272,444    | 0      | 272,444           | 1.85                     | 0.08  |
| ii)                                         | Non Resident Indians (Non Repat)                                            | 27,754     | 0      | 27,754            | 0.19                                      | 20,258     | 0      | 20,258            | 0.14                     | -0.05 |
| iii)                                        | Non Resident Indians (Repat)                                                | 82,298     | 0      | 82,298            | 0.56                                      | 96,605     | 0      | 96,605            | 0.65                     | 0.09  |
| iv)                                         | Clearing member                                                             | 208,315    | 0      | 208,315           | 1.41                                      | 106,395    | 0      | 106,395           | 0.72                     | -0.69 |
| v)                                          | Trusts                                                                      | 0          | 0      | 0                 | 0                                         | 13,918     | 0      | 13,918            | 0.09                     | 0.09  |
| Sub-total(B)(2):                            |                                                                             | 6,223,807  | 32,102 | 6,255,909         | 42.46                                     | 5,790,799  | 28,252 | 5,819,051         | 39.50                    | -2.97 |
| Total Public Shareholding (B)=(B)(1)+(B)(2) |                                                                             | 7,699,562  | 32,102 | 7,731,664         | 52.48                                     | 7,703,412  | 28,252 | 7,731,664         | 52.48                    | 0     |
| C. Shares held by                           |                                                                             |            |        |                   |                                           |            |        |                   |                          |       |
|                                             | Custodian for GDRs & ADRs                                                   | 0          | 0      | 0                 | 0.00                                      | 0          | 0      | 0                 | 0.00                     | 0.00  |
| Sub-total (C):                              |                                                                             | 0          | 0      | 0                 | 0.00                                      | 0          | 0      | 0                 | 0.00                     | 0.00  |
| Grand Total (A+B+C)                         |                                                                             | 14,699,576 | 32,102 | 14,731,678        | 100.00                                    | 14,703,426 | 28,252 | 14,731,678        | 100.00                   |       |

## ii. SHAREHOLDING OF PROMOTERS:

| Sl. No.      | Shareholder's Name | Shareholding at the beginning of the year |                                  |                                                 | Shareholding at the end of the year |                                  |                                                  | % change in share holding during the year |
|--------------|--------------------|-------------------------------------------|----------------------------------|-------------------------------------------------|-------------------------------------|----------------------------------|--------------------------------------------------|-------------------------------------------|
|              |                    | No. of Shares                             | % of total Shares of the Company | % of Shares Pledged/ encumbered to total shares | No. of Shares                       | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares |                                           |
| 1.           | Mr. Arvind Kajaria | 2,800,014                                 | 19.01                            | -                                               | 2,800,014                           | 19.01                            | -                                                | -                                         |
| 2.           | Mr. Sharad Kajaria | 2,800,000                                 | 19.01                            | -                                               | 2,800,000                           | 19.01                            | -                                                | -                                         |
| 3.           | Ms. Padma Kajaria  | 1,400,000                                 | 9.50                             | -                                               | 1,400,000                           | 9.50                             | -                                                | -                                         |
| <b>Total</b> |                    | <b>7,000,014</b>                          | <b>47.52</b>                     | <b>-</b>                                        | <b>7,000,014</b>                    | <b>47.52</b>                     | <b>-</b>                                         | <b>-</b>                                  |

## iii. CHANGES IN PROMOTERS' SHAREHOLDING:

| Sl. No.   | Name & Type of transaction                                                                                                                                              | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|           |                                                                                                                                                                         | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| <b>1.</b> | <b>Mr. Arvind Kajaria</b>                                                                                                                                               |                                           |                                  |                                         |                                  |
|           | At the beginning of the year                                                                                                                                            | 2,800,014                                 | 19.01                            | 2,800,014                               | 19.01                            |
|           | Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc)  | 0                                         | 0.00                             | 2,800,014                               | 19.01                            |
|           | At the End of the year                                                                                                                                                  | 2,800,014                                 | 19.01                            | 2,800,014                               | 19.01                            |
| <b>2.</b> | <b>Mr. Sharad Kajaria</b>                                                                                                                                               |                                           |                                  |                                         |                                  |
|           | At the beginning of the year                                                                                                                                            | 2,800,000                                 | 19.01                            | 2,800,000                               | 19.01                            |
|           | Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc)  | 0                                         | 0                                | 2,800,000                               | 19.01                            |
|           | At the End of the year                                                                                                                                                  | 2,800,000                                 | 19.01                            | 2,800,000                               | 19.01                            |
| <b>3.</b> | <b>Ms. Padma Kajaria</b>                                                                                                                                                |                                           |                                  |                                         |                                  |
|           | At the beginning of the year                                                                                                                                            | 1,400,000                                 | 9.50                             | 1,400,000                               | 9.50                             |
|           | Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc) | 0                                         | 0.00                             | 1,400,000                               | 9.50                             |
|           | At the End of the year                                                                                                                                                  | 1,400,000                                 | 9.50                             | 1,400,000                               | 9.50                             |

iv. **SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):**

| Sr. No. | Name & Type of Transaction                        | Shareholding at the beginning of the year |                                  | Transactions during the year |               | Cumulative Shareholding at the end of the year |                                  |
|---------|---------------------------------------------------|-------------------------------------------|----------------------------------|------------------------------|---------------|------------------------------------------------|----------------------------------|
|         |                                                   | No. of Shares held                        | % of Total Shares of the Company | Date of Transaction          | No. of Shares | No of Shares held                              | % of Total Shares of the Company |
| 1.      | University of Notre Dame Du Lac                   | 707,282                                   | 4.08                             |                              |               | 707,282                                        | 4.80                             |
|         | Transfer                                          |                                           |                                  | 02 June 2017                 | 9,439         | 716,721                                        | 4.86                             |
|         | Transfer                                          |                                           |                                  | 09 June 2017                 | 7,046         | 723,767                                        | 4.91                             |
|         | Transfer                                          |                                           |                                  | 16 June 2017                 | 2,555         | 726,322                                        | 4.93                             |
|         | Transfer                                          |                                           |                                  | 23 June 2017                 | 7,660         | 733,982                                        | 4.98                             |
|         | Transfer                                          |                                           |                                  | 09 Feb 2018                  | (5,000)       | 728,982                                        | 4.94                             |
|         | At the end of the year                            |                                           |                                  |                              |               | 728,982                                        | 4.94                             |
| 2.      | Washington University - Chanakya Capital Partners | 460,454                                   | 3.13                             |                              |               | 460,454                                        | 3.12                             |
|         | Transfer                                          |                                           |                                  | 28 April 2017                | 26,950        | 487,404                                        | 3.30                             |
|         | Transfer                                          |                                           |                                  | 05 May 2017                  | 16,848        | 504,252                                        | 3.42                             |
|         | Transfer                                          |                                           |                                  | 02 June 2017                 | 10,252        | 514,504                                        | 3.49                             |
|         | Transfer                                          |                                           |                                  | 09 June 2017                 | 7,653         | 522,157                                        | 3.54                             |
|         | Transfer                                          |                                           |                                  | 16 June 2017                 | 2,776         | 524,933                                        | 3.56                             |
|         | Transfer                                          |                                           |                                  | 23 June 2017                 | 12,190        | 537,123                                        | 3.64                             |
|         | Transfer                                          |                                           |                                  | 30 June 2017                 | 13,246        | 550,369                                        | 3.73                             |
|         | Transfer                                          |                                           |                                  | 09 Feb 2018                  | 9,167         | 559,536                                        | 3.79                             |
|         | At the end of the year                            |                                           |                                  |                              |               | 559,536                                        | 3.79                             |
| 3.      | Finotex Vinimoy Pvt. Ltd.                         | 500,000                                   | 3.39                             |                              |               | 500,000                                        | 3.39                             |
|         | At the end of the year                            |                                           |                                  |                              |               | 500,000                                        | 3.39                             |
| 4.      | Mr. Nishid Babulal Shah                           | 257,150                                   | 1.75                             |                              |               | 257,150                                        | 1.74                             |
|         | Transfer                                          |                                           |                                  | 07 Apr 2017                  | 1,700         | 258,850                                        | 1.75                             |
|         | At the end of the year                            |                                           |                                  |                              |               | 258,850                                        | 1.75                             |
| 5.      | Ashmore India Opportunities Fund                  | 0                                         | 0                                |                              |               |                                                |                                  |
|         | Transfer                                          |                                           |                                  | 02 June 2017                 | 146,000       | 146,000                                        | 0.99                             |
|         | Transfer                                          |                                           |                                  | 13 Oct 2017                  | 10,000        | 156,000                                        | 1.05                             |
|         | Transfer                                          |                                           |                                  | 20 Oct 2017                  | 15,000        | 171,000                                        | 1.16                             |
|         | Transfer                                          |                                           |                                  | 27 Oct 2017                  | 15,000        | 186,000                                        | 1.26                             |
|         | Transfer                                          |                                           |                                  | 03 Nov 2017                  | 5,000         | 191,000                                        | 1.29                             |
|         | Transfer                                          |                                           |                                  | 10 Nov 2017                  | 900           | 191,900                                        | 1.30                             |
|         | At the end of the year                            |                                           |                                  |                              |               | 191,000                                        | 1.30                             |
| 6.      | Ajitnath Financial Consultants LLP                | 177,350                                   | 1.20                             |                              |               | 177,350                                        | 1.20                             |
|         | Transfer                                          |                                           |                                  | 07 Apr 2017                  | 1,000         | 178,350                                        | 1.21                             |
|         | At the end of the year                            |                                           |                                  |                              |               | 178,350                                        | 1.21                             |

| Sr. No. | Name & Type of Transaction              | Shareholding at the beginning of the year |                                  | Transactions during the year |               | Cumulative Shareholding at the end of the year |                                  |
|---------|-----------------------------------------|-------------------------------------------|----------------------------------|------------------------------|---------------|------------------------------------------------|----------------------------------|
|         |                                         | No. of Shares held                        | % of Total Shares of the Company | Date of Transaction          | No. of Shares | No of Shares held                              | % of Total Shares of the Company |
| 7.      | Nikita Nishid Shah                      | 173,800                                   | 1.17                             |                              |               | 173,800                                        | 1.17                             |
|         | Transfer                                |                                           |                                  | 07 Apr 2017                  | 2,000         | 175,800                                        | 1.19                             |
|         | At the end of the year                  |                                           |                                  |                              |               | 178,350                                        | 1.21                             |
| 8.      | GP Emerging Markets Strategies, LP      | 144,496                                   | 0.98                             |                              |               | 144,496                                        | 0.98                             |
|         | Transfer                                |                                           |                                  | 28 Apr 2017                  | 8,050         | 152,546                                        | 1.03                             |
|         | Transfer                                |                                           |                                  | 05 May 2017                  | 5,826         | 158,372                                        | 1.07                             |
|         | Transfer                                |                                           |                                  | 02 June 2017                 | 2,910         | 161,282                                        | 1.09                             |
|         | Transfer                                |                                           |                                  | 09 June 2017                 | 2,555         | 163,837                                        | 1.11                             |
|         | Transfer                                |                                           |                                  | 16 June 2017                 | 847           | 164,684                                        | 1.11                             |
|         | Transfer                                |                                           |                                  | 23 June 2017                 | 3,670         | 168,354                                        | 1.14                             |
|         | Transfer                                |                                           |                                  | 30 June 2017                 | 3,855         | 172,209                                        | 1.16                             |
|         | Transfer                                |                                           |                                  | 09 Feb 2018                  | 907           | 173,116                                        | 1.17                             |
|         | At the end of the year                  |                                           |                                  |                              |               | 173,116                                        | 1.17                             |
| 9.      | Massachusetts Institute of Technology 2 | 136,578                                   | 0.92                             |                              |               | 136,578                                        | 0.92                             |
|         | Transfer                                |                                           |                                  | 02 June 2017                 | 1,825         | 138,403                                        | 0.93                             |
|         | Transfer                                |                                           |                                  | 09 June 2017                 | 1,361         | 139,764                                        | 0.94                             |
|         | Transfer                                |                                           |                                  | 16 June 2017                 | 494           | 140,258                                        | 0.95                             |
|         | Transfer                                |                                           |                                  | 23 June 2017                 | 1,480         | 141,738                                        | 0.96                             |
|         | Transfer                                |                                           |                                  | 09 Feb 2018                  | (1,000)       | 140,738                                        | 0.95                             |
|         | At the end of the year                  |                                           |                                  |                              |               | 140,738                                        | 0.95                             |
| 10.     | Pawan Kumar Kejriwal                    | 144,000                                   | 0.97                             |                              |               | 144,000                                        | 0.97                             |
|         | Transfer                                |                                           |                                  | 30 Jun 2017                  | (7,200)       | 136,800                                        | 0.92                             |
|         | Transfer                                |                                           |                                  | 28 July 2017                 | (100,000)     | 36,800                                         | 0.24                             |
|         | Transfer                                |                                           |                                  | 04 Aug 2017                  | 100,000       | 136,800                                        | 0.92                             |
|         | At the end of the year                  | 136,800                                   | 0.92                             |                              |               |                                                |                                  |
| 11.     | Lokwani Engineering Private Limited     | 325,640                                   | 2.21                             |                              |               | 325,640                                        | 2.21                             |
|         | Transfer                                |                                           |                                  | 14 Apr 2017                  | (15,000)      | 310,640                                        | 2.10                             |
|         | Transfer                                |                                           |                                  | 2 Jun 2017                   | (145,099)     | 165,541                                        | 1.12                             |
|         | Transfer                                |                                           |                                  | 07 July 2017                 | (25,000)      | 140,541                                        | 0.95                             |
|         | Transfer                                |                                           |                                  | 28 July 2017                 | (50,000)      | 90,541                                         | 0.61                             |
|         | Transfer                                |                                           |                                  | 25 Aug 2017                  | (25,000)      | 65,541                                         | 0.44                             |
|         | Transfer                                |                                           |                                  | 29 Sept 2017                 | (15,541)      | 50,000                                         | 0.33                             |
|         | Transfer                                |                                           |                                  | 06 Oct 2017                  | 9,617         | 40,383                                         | 0.27                             |
|         | Transfer                                |                                           |                                  | 10 Nov 2017                  | (15,000)      | 25,383                                         | 0.17                             |
|         | Transfer                                |                                           |                                  | 17 Nov 2017                  | (10,000)      | 15,383                                         | 0.10                             |
|         | Transfer                                |                                           |                                  | 01 Dec 2017                  | (15,383)      | 213,000                                        | 1.44                             |
|         | At the end of the year                  |                                           |                                  |                              |               | 0                                              | 0.00                             |

## v. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

| Sl. No.   | For each of the Directors and KMP                                                                                                                             | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|           |                                                                                                                                                               | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| <b>1.</b> | <b>Mr. Arvind Kajaria, Managing Director</b>                                                                                                                  |                                           |                                  |                                         |                                  |
|           | At the beginning of the year                                                                                                                                  | 2,800,014                                 | 19.01                            | 2,800,014                               | 19.01                            |
|           | Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc) | 0                                         | 0.00                             | 2,800,014                               | 19.01                            |
|           | At the End of the year                                                                                                                                        | 2,800,014                                 | 19.01                            | 2,800,014                               | 19.01                            |
| <b>2.</b> | <b>Ms. Sharad Kajaria, Whole-time Director</b>                                                                                                                |                                           |                                  |                                         |                                  |
|           | At the beginning of the year                                                                                                                                  | 2,800,014                                 | 19.01                            | 2,800,014                               | 19.01                            |
|           | Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc) | 0                                         | 0.00                             | 2,800,014                               | 19.01                            |
|           | At the End of the year                                                                                                                                        | 2,800,014                                 | 19.01                            | 2,800,014                               | 19.01                            |
| <b>3.</b> | <b>Ms. Savita Agarwal, Independent Director</b>                                                                                                               |                                           |                                  |                                         |                                  |
|           | At the beginning of the year                                                                                                                                  | 0.00                                      | 0.00                             | 0                                       | 0.00                             |
|           | Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc) | 0                                         | 0.00                             | 0                                       | 0.00                             |
|           | At the End of the year                                                                                                                                        | 0                                         | 0.00                             | 0                                       | 0.00                             |
| <b>4.</b> | <b>Mr. Anil Agrawal, Independent Director</b>                                                                                                                 |                                           |                                  |                                         |                                  |
|           | At the beginning of the year                                                                                                                                  | 0                                         | 0.00                             | 0                                       | 0.00                             |
|           | Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc) | 0                                         | 0.00                             | 0                                       | 0.00                             |
|           | At the End of the year                                                                                                                                        | 0                                         | 0.00                             | 0                                       | 0.00                             |
| <b>5.</b> | <b>Mr. Rupinder Singh, Independent Director</b>                                                                                                               |                                           |                                  |                                         |                                  |
|           | At the beginning of the year                                                                                                                                  | 0                                         | 0.00                             | 0                                       | 0.00                             |
|           | Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc) | 0                                         | 0.00                             | 0                                       | 0.00                             |
|           | At the End of the year                                                                                                                                        | 0                                         | 0.00                             | 0                                       | 0.00                             |
| <b>6.</b> | <b>Mr. Ashok Bhandari, Independent Director</b>                                                                                                               |                                           |                                  |                                         |                                  |
|           | At the beginning of the year                                                                                                                                  | -                                         | -                                | -                                       | -                                |
|           | Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc) | 0                                         | 0.00                             | 0                                       | 0.00                             |
|           | At the End of the year                                                                                                                                        | 0                                         | 0.00                             | 0                                       | 0.00                             |

| Sl. No.                                         | For each of the Directors and KMP                                                                                                                             | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|                                                 |                                                                                                                                                               | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| 7. Mr. Pranvesh Tripathi, Company Secretary     |                                                                                                                                                               |                                           |                                  |                                         |                                  |
|                                                 | At the beginning of the year                                                                                                                                  | 0                                         | 0.00                             | 0                                       | 0.00                             |
|                                                 | Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc) | 0                                         | 0.00                             | 0                                       | 0.00                             |
|                                                 | At the End of the year                                                                                                                                        | 0                                         | 0.00                             | 0                                       | 0.00                             |
| 8. Mr. Mohit Kumar Jha, Chief Financial Officer |                                                                                                                                                               |                                           |                                  |                                         |                                  |
|                                                 | At the beginning of the year                                                                                                                                  | 0                                         | 0.00                             | 0                                       | 0.00                             |
|                                                 | Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc) | 0                                         | 0.00                             | 0                                       | 0.00                             |
|                                                 | At the End of the year                                                                                                                                        | 0                                         | 0.00                             | 0                                       | 0.00                             |

## V INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

|                                                            | Secured Loans<br>excluding<br>deposits | Unsecured<br>Loans | Deposits   | Total<br>Indebtedness<br>(₹ in Lacs) |
|------------------------------------------------------------|----------------------------------------|--------------------|------------|--------------------------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                        |                    |            |                                      |
| i) Principal Amount                                        | Nil                                    | Nil                | Nil        | Nil                                  |
| ii) Interest due but not paid                              | Nil                                    | Nil                | Nil        | Nil                                  |
| iii) Interest accrued but not due                          | Nil                                    | Nil                | Nil        | Nil                                  |
| <b>Total (i+ii+iii)</b>                                    | <b>Nil</b>                             | <b>Nil</b>         | <b>Nil</b> | <b>Nil</b>                           |
| <b>Change in Indebtedness during the financial year</b>    |                                        |                    |            |                                      |
| • Addition                                                 | Nil                                    | Nil                | Nil        | Nil                                  |
| • Reduction                                                | Nil                                    | Nil                | Nil        | Nil                                  |
| <b>Net Change</b>                                          |                                        |                    |            |                                      |
| <b>Indebtedness at the end of the financial year</b>       |                                        |                    |            |                                      |
| i) Principal Amount                                        | Nil                                    | Nil                | Nil        | Nil                                  |
| ii) Interest due but not paid                              |                                        |                    |            |                                      |
| iii) Interest accrued but not due                          | Nil                                    | Nil                | Nil        | Nil                                  |
| <b>Total (i+ii+iii)</b>                                    | <b>Nil</b>                             | <b>Nil</b>         | <b>Nil</b> | <b>Nil</b>                           |

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:

| Sl. No. | Particulars of Remuneration                                                         | Name of MD/ WTD/ Manager                         |                                            | Total Amount<br>(₹ in Lacs) |
|---------|-------------------------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------|-----------------------------|
|         |                                                                                     | Mr. Arvind Kajaria,<br>Managing Director         | Mr. Sharad Kajaria,<br>Whole-time Director |                             |
| 1       | Gross salary                                                                        |                                                  |                                            |                             |
|         | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 72.00                                            | 67.50                                      | 139.50                      |
|         | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | 0.11                                             | 0.11                                       | 0.22                        |
|         | (c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961       |                                                  |                                            |                             |
| 2       | Stock Option                                                                        |                                                  |                                            |                             |
| 3       | Sweat Equity                                                                        |                                                  |                                            |                             |
| 4       | Commission                                                                          |                                                  |                                            |                             |
|         | - as % of profit                                                                    |                                                  |                                            |                             |
|         | - others, specify                                                                   |                                                  |                                            |                             |
| 5       | Others, please specify                                                              |                                                  |                                            |                             |
|         | <b>Total (A)</b>                                                                    | <b>72.11</b>                                     | <b>67.61</b>                               | <b>139.72</b>               |
|         | Ceiling as per the Act                                                              | 10% of the Net profit of the Company/ Schedule V |                                            |                             |

### B. REMUNERATION TO OTHER DIRECTORS:

| Sl. No. | Particulars of Remuneration                    | Name of Directors                                                          |                  |                    |                    | Total Amount<br>(₹ in Lacs) |
|---------|------------------------------------------------|----------------------------------------------------------------------------|------------------|--------------------|--------------------|-----------------------------|
|         |                                                | Mr. Rupinder Singh                                                         | Mr. Anil Agrawal | Ms. Savita Agarwal | Mr. Ashok Bhandari |                             |
| 1.      | <b>Independent Directors</b>                   |                                                                            |                  |                    |                    |                             |
|         | • Fee for attending board / committee meetings | 2.60                                                                       | 2.60             | 2.20               | 2.40               | 9.80                        |
|         | • Commission                                   |                                                                            |                  |                    |                    |                             |
|         | • Others, please specify                       |                                                                            |                  |                    |                    |                             |
|         | <b>Total (1)</b>                               | <b>2.60</b>                                                                | <b>2.60</b>      | <b>2.20</b>        | <b>2.40</b>        | <b>9.80</b>                 |
| 2.      | <b>Other Non-Executive Directors</b>           |                                                                            |                  |                    |                    |                             |
|         | • Fee for attending board / committee meetings |                                                                            |                  |                    |                    |                             |
|         | • Commission                                   |                                                                            |                  |                    |                    |                             |
|         | • Others, please specify                       |                                                                            |                  |                    |                    |                             |
|         | <b>Total (2)</b>                               |                                                                            |                  |                    |                    |                             |
|         | <b>Total (B)=(1+2)</b>                         | <b>2.60</b>                                                                | <b>2.60</b>      | <b>2.20</b>        | <b>2.40</b>        | <b>9.80</b>                 |
|         | <b>Total Managerial Remuneration (A+B)</b>     |                                                                            |                  |                    |                    | <b>149.52</b>               |
|         | Overall Ceiling as per the Act                 | 11% of the Net profit of the Company ( Excluding Sitting Fee) / Schedule V |                  |                    |                    |                             |

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:**

| Sl. No. | Particulars of Remuneration                                                     | Mr. Pranvesh Tripathi,<br>Company Secretary | Mr. Mohit Kumar Jha,<br>Chief Financial Officer | Total Amount<br>(in INR) |
|---------|---------------------------------------------------------------------------------|---------------------------------------------|-------------------------------------------------|--------------------------|
| 1       | Gross salary                                                                    |                                             |                                                 |                          |
| (a)     | Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 24.31                                       | 35.01                                           | 59.32                    |
| (b)     | Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      |                                             |                                                 |                          |
| (c)     | Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961       |                                             |                                                 |                          |
| 2       | Stock Option                                                                    |                                             |                                                 |                          |
| 3       | Sweat Equity                                                                    |                                             |                                                 |                          |
| 4       | Commission                                                                      |                                             |                                                 |                          |
|         | - as % of profit                                                                |                                             |                                                 |                          |
|         | - others, specify                                                               |                                             |                                                 |                          |
| 5       | Others, please specify                                                          |                                             |                                                 |                          |
|         | <b>Total</b>                                                                    | <b>24.31</b>                                | <b>35.01</b>                                    | <b>59.32</b>             |

**VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

No penalties/ punishment/ compounding fees were imposed on the Company or Directors or any other officer of the Company during the Financial Year 2017-18.

For and on behalf of the Board

**ARVIND KAJARIA**  
Managing Director  
(DIN No. 00106901)

**SHARAD KAJARIA**  
Whole-time Director  
(DIN No. 00108036)

## ANNEXURE III

**PARTICULARS PURSUANT TO SECTION 134(3)(M) OF THE COMPANIES ACT, 2013  
READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014**

**I. CONSERVATION OF ENERGY**

The Company is engaged in development and delivery of e-commerce and e-cards through internet platform. Considering the nature of the business in which the Company is engaged, energy cost forms an insignificant portion of the total expenses and hence the financial impact of the said cost is not material. Adequate measures have, however, been taken to conserve energy at optimum level.

**II. RESEARCH AND DEVELOPMENT****1. Specific areas in which R&D is carried out by the Company:**

The Company operates in the Internet / Information Technology based industry, wherein new developments and phasing out of technologies occur rapidly on a continuous basis. Evaluation of developments in the industry are undertaken by the Company on a regular basis with a view of adopting and adapting such developments based on their suitability analyzed in light of the business in which the Company is engaged in. These actions help the Company to improve the areas in which the Company and/or its wholly owned subsidiaries are engaged.

**2. Benefits derived as a result of the above R&D:**

Research and Development activities undertaken for the purpose of ensuring consistency with the changing business environment allows us to enhance quality, productivity and customer satisfaction which ultimately results in increased number of users accessing the website of the Company and thus benefits the Company.

**3. Future Plan of action:**

To enable to make its website much more customer-centric, the Company is continuously working on findings and evaluating new technologies, processes, frameworks and methodologies.

**4. Expenditure on R&D:**

The Company's R&D activities are part of its normal commercial operations. There is no separate R&D department. Hence, there is no specific budget earmarked for R&D expenditure. Considering the continuous expenditure on such account, it is also not practical to identify R&D expenditure out of total expenditure incurred by the Company.

**III. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION****1. Efforts in brief, made towards technology absorption, adaptation, innovation and benefits derived:**

For the purpose of ensuring productivity and improvement in the quality on a continual basis the technical resources of the Company attend several seminars and workshops organized by various institutions as required from time to time in accordance with the changes in the technological environment.

**2. Information regarding technology imported during last 5 years:**

The Company meets its technology requirement through developing it in-house and/ or through purchasing it on domestic basis and hence there are no imports in the last 5 years.

**3. Foreign Exchange Earnings and Outgo:****i) Activities relating to exports:**

The Company is engaged in development and delivery of e-commerce and e-cards globally through internet platform. Constant endeavor is made to ensure increase in usage of Company's services by the end users in different countries.

**ii) Total foreign earnings used and earned:**

Information on foreign exchange earnings and outgo is furnished below:

|                                 | <b>Year ended<br/>31 March 2018<br/>(₹ in Lacs)</b> |
|---------------------------------|-----------------------------------------------------|
| <b>Earnings</b>                 |                                                     |
| IT enable Services              | <b>950.58</b>                                       |
| <b>Expenditure</b>              |                                                     |
| Travelling                      | <b>34.32</b>                                        |
| Subscription and Membership fee | <b>4.45</b>                                         |
| Others                          | <b>0.07</b>                                         |
|                                 | <b>38.84</b>                                        |

## ANNEXURE IV

## ANNUAL REPORT ON CSR ACTIVITIES

|    |                                                                                                                                                                                                 |                                                                                                                                                      |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1  | A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web- link to the CSR policy and projects and programs. | Company's CSR policy is framed within the purview of the Schedule VII of the Companies Act, 2013 and the same is available on the Company's website. |
| 2  | Composition of the CSR Committee                                                                                                                                                                | a) Mr. Arvind Kajaria, Chairman<br>b) Mr. Anil Agrawal, Member<br>c) Mr. Rupinder Singh, Member<br>d) Mr. Ashok Bhandari, Member                     |
| 3  | Average Net Profit of the Company for last three financial years                                                                                                                                | The net profit for the last three preceding financial years does not exceed ₹ 500 Lacs.                                                              |
| 4  | Prescribed CSR Expenditure                                                                                                                                                                      | NIL                                                                                                                                                  |
| 5  | Details of CSR spent during the financial year;                                                                                                                                                 |                                                                                                                                                      |
|    | a) Total amount to be spent for the financial year                                                                                                                                              | The Company was not required to spend any amount during the Financial Year 2017-18.                                                                  |
|    | b) Amount unspent if any                                                                                                                                                                        | Nil                                                                                                                                                  |
|    | (c) Manner in which the amount spent during the financial year is detailed below:                                                                                                               | N.A.                                                                                                                                                 |
| 6. | A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.                            |                                                                                                                                                      |

We hereby declare that the implementation and monitoring of the CSR Policy are in compliance with CSR objectives and Policy of the Company.

Sd/-  
**SHARAD KAJARIA**  
 (Whole-time Director)  
 DIN: 00108036

Sd/-  
**ARVIND KAJARIA**  
 (Chairman CSR Committee )  
 DIN: 00106901

## ANNEXURE V

**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12)  
OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES  
(APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

- i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

| Sr. No. | Name of Director / KMP                         | % increase in remuneration in the FY 2017-18 | Ratio of remuneration of each Director to median remuneration of employees | Comparison of the Remuneration of the KMP against the performance of the Company |
|---------|------------------------------------------------|----------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| 1       | Mr. Arvind Kajaria<br>Managing Director        | NIL                                          | 7.54                                                                       | PAT (Standalone) decreased by 68.30% from FY 2016-17                             |
| 2       | Mr. Sharad Kajaria<br>Whole-time Director      | NIL                                          | 7.07                                                                       |                                                                                  |
| 3       | Mr. Rupinder Singh<br>Independent Director #   | Nil                                          | 0.27                                                                       | NA                                                                               |
| 4       | Mr. Anil Agrawal<br>Independent Director #     | Nil                                          | 0.27                                                                       | NA                                                                               |
| 5       | Ms. Savita Agarwal<br>Independent Director #   | NIL                                          | 0.23                                                                       | NA                                                                               |
| 6       | Mr. Ashok Bhandari<br>Independent Director #   | Nil                                          | 0.25                                                                       | NA                                                                               |
| 7       | Mr. Mohit Kumar Jha<br>Chief Financial Officer | 11                                           | 3.66                                                                       | PAT (Standalone) decreased by 68.30% from FY 2016-17                             |
| 8       | Mr. Pranvesh Tripathi<br>Company Secretary     | 5                                            | 2.54                                                                       |                                                                                  |

# Only sitting fees is paid to the Independent Directors.

- ii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: NA

- iii) List of top 10 employees of the Company in terms of remuneration drawn and employees who draws remuneration during the financial year not less than ₹ 1.02 Crores per annum:

| Sr. No. | Name              | Designation                            | Date of Joining  | Remuneration (in ₹ Lacs) | Age (years) | Experience (Years) | Qualification                               | Last employment and designation held                   |
|---------|-------------------|----------------------------------------|------------------|--------------------------|-------------|--------------------|---------------------------------------------|--------------------------------------------------------|
| 1.      | Arvind Kajaria    | Managing Director                      | 26 June 1998     | 72.11                    | 53          | 28                 | Degree in Business Administration           | NA                                                     |
| 2.      | Sharad Kajaria    | Whole-time Director                    | 27 February 1996 | 67.61                    | 42          | 19                 | Bachelors Degree in Commerce                | NA                                                     |
| 3.      | Mukesh Goel       | General Manager                        | 01 April 1997    | 64.02                    | 50          | 27                 | Masters Degree in Commerce                  | Cieco Securities Ltd, Accounts Executive               |
| 4.      | Rajat Kapur       | Sr. Manager - Sales                    | 01 August 2012   | 43.48                    | 38          | 17                 | Diploma in Business Administration          | S. K. Products, Operations Manager                     |
| 5.      | Mohit Kumar Jha   | CFO                                    | 18 February 2013 | 35.01                    | 40          | 15                 | Chartered Accountants                       | HDFC Bank Ltd, Sr. Manager                             |
| 6.      | Sajal Kumar Basu  | Technical Head                         | 22 December 2003 | 27.36                    | 36          | 14                 | Master of Science in Information Technology | NA                                                     |
| 7.      | Pranvesh Tripathi | Company Secretary & Compliance Officer | 10 May 2016      | 24.31                    | 43          | 17                 | Company Secretary                           | Gabriel India Limited- Company Secretary & Legal Head  |
| 8.      | Anibha Tulsian    | Sr. Manager – Administration           | 01 March 2007    | 22.69                    | 43          | 19                 | Bachelor of Arts                            | Archieve Advisory Services Pvt. Ltd., Overall Incharge |
| 9.      | Neeraj Singhvi    | Manager – Technology                   | 01 June 2009     | 22.02                    | 48          | 28                 | Cost Accountant                             | Dugar Spices & Etables Pvt. Ltd. Director - Marketing  |
| 10.     | S Pradeep         | Sr. Specialist                         | 17 February 2005 | 15.86                    | 36          | 13                 | Bachelors Degree in Science                 | NA                                                     |

- iv) Employees employed for the part of the year and drawn remuneration during the financial year 2017-18 at a rate which in aggregate was not less than ₹ 8.50 Lacs per month: NA
- v) The median remuneration of the employees of the Company during the financial year was ₹ 955,391/-
- vi) In the financial year 2017-18, there was an increase of 52.89% in the median remuneration of employees.
- vii) There were 50 permanent employees on the rolls of the Company as on 31 March 2018.

- viii) Explanation on the Relationship between average increase in remuneration and Company performance:  
As compared to the Profit of the Company for the FY 2017-18 which was decreased by 68.30%, the average increase in remuneration was 6.83%.
- ix) Comparison of remuneration of the KMP against the performance of the Company:  
The total remuneration of KMP was increased by 3.90% compared to PAT which was decreased by 68.30%.
- x) Variations in the market capitalization of the Company: The market capitalization as on 31 March 2018 was ₹1,016.63 Cr. (₹485 Cr. as on 31 March 2017 )
- xi) Price Earnings ratio of the Company as at 31 March 2018 was 796.48 as against 120.76 as at 31 March 2017.
- xii) Percent increase over decrease in the market quotation of the shares of the Company as compared to the rate at which the Company came out with the last public offer in the year:
- | Particulars        | 31 March 2018 | 12 April 2010 (Date of Listing) | % increase |
|--------------------|---------------|---------------------------------|------------|
| Market Price (BSE) | ₹690.10       | ₹ 159.35                        | 333.07     |
| Market Price (NSE) | ₹686.00       | ₹ 159.10                        | 331.17     |
- xiii) Average percentage increase made in the salaries of employees other than the KMP in the FY 2017-18 was 8.15% whereas the increase in the KMP remuneration for the same FY was 3.90%.
- xiv) There are no variable component of remuneration availed by the directors.
- xv) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: Not Applicable
- xvi) It is hereby affirmed that the remuneration paid is as per the remuneration policy of the Company for its Directors, Key Managerial Personnel and other Employees.

For IntraSoft Technologies Ltd

**ARVIND KAJARIA**  
Managing Director  
(DIN No. 00106901)

**SHARAD KAJARIA**  
Whole-time Director  
(DIN No. 00108036)

## SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

To  
The Members

### INTRASOFT TECHNOLOGIES LIMITED

502A, Prathamesh, Raghuvanshi Mills Compound  
Senapati Bapat Marg, Lower Parel,  
Mumbai - 400 013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by **IntraSoft Technologies Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31 March 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in **Annexure I**, for the financial year ended on 31 March 2018, according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under, to the extent of Foreign Direct Investment and Overseas Direct Investment;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - i. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- ii. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; and

- iii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company under the financial year under report:-

- i. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- ii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- iii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- iv. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
- v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
- vi. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

3. Provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of External Commercial Borrowings were not applicable to the Company under the financial year under report.

4. We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with other Acts, Laws and Regulations applicable specifically to the Company as per the list given in **Annexure II**.

We have also examined compliance with the applicable clauses of the Secretarial Standards including the amended Secretarial standards applicable with effect from 01 October, 2017 issued by The Institute of Company Secretaries of India under the provisions of the Companies Act, 2013.

During the financial year under report, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

#### **We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No changes in the composition of the Board of Directors took place during the financial year under report.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

None of the members have communicated dissenting views, in the matters / agenda proposed from time to time for consideration of the Board and its Committees thereof, during the year under the report, hence were not required to be captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the year under report, the Company has not undertaken any event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**For RATHI & ASSOCIATES  
COMPANY SECRETARIES**

**JAYESH M. SHAH**

PARTNER

FCS No. 5637

COP No. 2535

Date : 28 May 2018

Place : Mumbai

Note: This report should be read with our letter of even date which is annexed as Annexure-III and forms an integral part of this report.

### **ANNEXURE – I**

#### **List of documents verified**

1. Memorandum & Articles of Association of the Company;
2. Annual Report for the financial year ended 31 March 2017;
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee and Independent Director's meeting of the Company along with the respective Attendance Registers for meetings held during the financial year under report;
4. Minutes of General Body Meeting held during the financial year under report;
5. Copies of Notice, Agenda and Notes to Agenda circulated to all the directors / members for the Board Meetings and Committee Meetings.
6. Proof of circulation and delivery of notice, agenda and notes to agenda for Board and Committee meetings.
7. Proof of circulation of draft as well as certified signed Board & Committee meetings minutes as per Secretarial Standards.
8. Policies framed by the Company viz:
  - Policy on Related Party Transactions;
  - Policy on Material Subsidiaries;
  - Whistle Blower Policy;
  - Corporate Social Responsibility Policy;
  - Risk Management Policy;
  - Nomination & Remuneration Policy;
  - Code of Conduct for Independent Directors;
- Policy for Determination of Material Events;
- Board Diversity Policy;
- Archival Policy for preservation of documents and
- Directors Appointment and Evaluation Policy.
9. Statutory Registers viz.
  - Register of Directors & Key Managerial Personnel and their shareholding
  - Register of loans, guarantees and security and acquisition made by the Company (Form No. MBP-2),
  - Register of Contracts with related party and contracts and Bodies etc. in which directors are interested (Form No. MBP-4), and
  - Register of Charge (Form No. CHG-7).
10. Declarations received from the Directors of the Company pursuant to the provisions of Section 184(1), Section 164(2) and Section 149(7) of the Companies Act, 2013;
11. Intimations received from directors and other insiders under the prohibition of Insider Trading Code;
12. E-Forms filed by the Company, from time to time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under report;
13. Intimations / documents / reports / returns filed with the Stock Exchanges pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year under report;

14. Filings made with Reserve Bank of India under the Foreign Direct Investment Guidelines and for Overseas Direct Investments made by the Company;
15. Documents related to payments of dividend made to its shareholders during the financial year under report;
16. E-mails evidencing dissemination of information related to closure of Trading window;
17. Internal Code of Conduct for prevention of Insider Trading by Employees / Directors / Designated Persons of the Company;
18. Statement of Related Party Transactions entered into by the Company during the financial year under report;
19. Compliance Certificate placed before the Board of Directors from time to time;
20. Details of Sitting Fees paid to all directors for attending the Board Meetings and Committees.

## ANNEXURE - II

### List of applicable laws to the Company

1. Income Tax Act, 1961
2. Goods and Services Tax Act, 2017 (applicable with effect from 01 July 2017)
3. Companies Act, 2013 and Rules thereunder.
4. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
5. SEBI (Prohibition of Insider Trading) Regulations, 2015
6. Foreign Exchange Management Act, 1999 and Rules, Regulations, Policies made thereunder.
7. Cenvat Credit Rules, 2004
8. The Maharashtra State Tax on Professions, Trade, Callings & Employment Act, 1975
9. The West Bengal State Tax on Professions, Trade, Callings & Employment Act, 1979
10. Employees Provident Funds & Miscellaneous Provisions Act, 1952
11. Employees State Insurance Act, 1948
12. Payment of Wages Act, 1936
13. Payment of Gratuity Act, 1972
14. Payment of Bonus Act, 1965
15. The Bombay Shop & Establishment Act, 1948
16. The West Bengal Shops & Establishment Act, 1963
17. Software Technology Park of India
18. Foreign Exchange Management (Export of Goods and Services) Regulations, 2000
19. West Bengal Policy on Information and Communication Technology, 2012
20. Collection of Statistics Act, 2008 (No. 7 of 2009) & Rules framed there under in 2011

# Report on Corporate Governance

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is the framework by which the Company ensures transparency in all its dealings and whereby various stakeholders' interests are balanced. The Company's philosophy on Corporate Governance is to achieve business excellence by enhancing the long term welfare of all its stakeholders. Through the Governance mechanism in the Company, the Board together with its Committees undertakes its fiduciary responsibilities to all its stakeholders, including shareholders, employees, the government, lenders and society by ensuring trusteeship, transparency, accountability and equality, in all phases of its operations and decision making.

## 2. BOARD OF DIRECTORS

### a) Composition of the Board:

The Board has an ideal combination of Executive and Non-Executive Independent Directors, which is in conformity with the Regulation 17 of the SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). As on 31 March 2018, the Board comprises of 6 (Six) Directors of which 2 (Two) are Executive Directors representing promoters and 4 (Four) are Non-Executive Independent Directors including one Woman Director. Both the Executive Directors are liable to retire by rotation.

All the independent directors meet with the criteria as provided in the Listing Regulations and their respective tenure is in accordance with the provisions of the Companies Act, 2013. The terms of appointment of Independent Directors is disclosed on the website of the Company.

The Company has received disclosures from all the directors about their Directorship and membership on the Board & Committees of other companies. As per disclosure received from Director(s), none of the Directors holds membership in more than 10 (Ten) Committees and Chairmanship in more than 5 (Five)

Committees. The composition of the Board during the year ended 31 March 2018 and other relevant details relating to Directors are given below:

| Name of the Director | Designation         | Category of Directorship   | Other Companies      |                       |                         |
|----------------------|---------------------|----------------------------|----------------------|-----------------------|-------------------------|
|                      |                     |                            | Board Directorship** | Committee Membership# | Committee Chairmanship# |
| Mr. Arvind Kajaria   | Managing Director   | Promoter; Executive        | -                    | -                     | -                       |
| Mr. Sharad Kajaria   | Whole-time Director | Promoter; Executive        | -                    | -                     | -                       |
| Mrs. Savita Agarwal  | Director            | Non-Executive; Independent | 1                    | -                     | -                       |
| Mr. Rupinder Singh   | Director            | Non-Executive; Independent | -                    | -                     | -                       |
| Mr. Anil Agrawal     | Director            | Non-Executive; Independent | 1                    | -                     | -                       |
| Mr. Ashok Bhandari   | Director            | Non-Executive; Independent | 9                    | 5                     | -                       |

\*\* Directorships in Private and Foreign Companies, if any are excluded.

# Memberships/Chairmanship of only Audit Committee and Stakeholders' Relationship Committee have been considered

### b) Appointment/Re-appointment of Directors:

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Arvind Kajaria, Managing Director of the Company is liable to retire by rotation in the ensuing Annual General Meeting and being eligible he has offered himself for re-appointment. The necessary agenda for the approval and the details of Director seeking re-appointment at the ensuing Annual

General Meeting as required under Regulation 36 of SEBI Listing Regulations, 2015 is mentioned in the Notice convening the Annual General Meeting.

### c) Board Meetings and Annual General Meeting:

During the financial year 2017-18, 5 (Five) Board Meetings were held on 24 May 2017, 11 August 2017, 09 November 2017, 08 February 2018 and 24 March

2018. The previous Annual General Meeting of the Company was held on 22 August 2017. The details of attendance of Directors in Board Meetings and the previous Annual General Meeting are as follows;

| Name of the Director | No. of Board Meetings Attended | Attendance at Last Annual General Meeting |
|----------------------|--------------------------------|-------------------------------------------|
| Mr. Arvind Kajaria   | 5                              | Yes                                       |
| Mr. Sharad Kajaria   | 5                              | No                                        |
| Ms. Savita Agarwal   | 5                              | Yes                                       |
| Mr. Rupinder Singh   | 5                              | Yes                                       |
| Mr. Anil Agrawal     | 5                              | No                                        |
| Mr. Ashok Bhandari   | 5                              | No                                        |

The Board meets atleast once in every quarter to review the quarterly financial results and operations of the Company. In addition to the above, the Board also meets as and when necessary to address specific issues relating to the business. The tentative annual calendar of Board Meetings for approving the accounts for the ensuing year is given in this report.

The gap between any two meetings was not in excess of hundred and twenty days. The necessary quorum was present in all the meetings.

Agenda papers containing all necessary information/documents were made available to the Board Members in advance to enable them to discharge their responsibilities effectively and take informed decisions. In cases where it was not practicable to attach or send the relevant information as a part of Agenda papers, the same were tabled at the Meetings with the permission of the Chairman.

The Board also reviews the compliance report of all laws applicable to the Company and also steps are taken by the Company to rectify instances of non-compliance, if any.

#### d) Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the SEBI ( Listing Obligation and Disclosure Requirements) Regulations, 2015, the Board has carried out annual performance evaluation of its own performance and as well as that of its Committees and individual Directors including the Independent Directors and the Chairman of the Company.

The Board evaluation covered a structural evaluation process based on various aspects of the Board and its Committees such as composition, experience & competencies, Meetings of the Board and Committees, Circulation of Agenda and the quality of Agenda, discussions and deliberations at the Board Meetings and the Committee Meetings, recording of Minutes,

performance of specific duties & obligations, contributions received and active participation by the Members of the Board and respective Committees, Structure, effectiveness and Independence of the Committees.

A separate exercise was carried out by the Board to evaluate the performance of individual Directors including the Chairman were evaluated on parameters such as qualification, experience, knowledge and competency, ability to function as a team, initiative, integrity, commitment and contributions. Additionally, Independent Directors were also evaluated for Independence and Independent views and judgement. The Chairperson was evaluated for effectiveness of leadership and ability to steer the meetings, impartiality and ability to keep shareholders' interests in mind etc.

The Nomination and Remuneration Committee also evaluated each individual Directors based on various aspects such as qualification, experience, knowledge and competency, ability to function as a team, initiative, integrity, commitment and contributions. Additionally, Independent Directors including the members of the Committee were also evaluated for Independence and Independent views and judgement.

The evaluation of the Chairman and the Non-Independent Directors were carried out by the Independent Directors at their separate meeting on the basis of duties, obligations, traits and attributes and other required parameters.

#### e) Code of Conduct:

The Board has laid down a code of conduct for all the Board Members and Senior Management personnel of the Company. The said code is posted on the website of the Company. All the Board Members and Senior Management personnel have affirmed compliance with the code for the year ended 31 March 2018. The declaration on compliance of the Company's code of conduct duly signed by Mr. Arvind Kajaria, Managing

Director is attached and forms part of this Annual Report.

**f) Familiarisation Programme**

The Independent Directors of the Company are made familiar with their roles, responsibilities and duties towards the Company, nature of industry in which the Company operates, business model of the Company etc. on need basis or when there is induction of a new director. The detail of the last 3 familiarisation programme available on the web link [http://www.itlindia.com/docs/Familiarisation\\_Programme.pdf](http://www.itlindia.com/docs/Familiarisation_Programme.pdf).

**b) Composition of Audit Committee and Number of Meetings Attended:**

During the Financial Year 2017-18, 4 (four) Meetings of the Audit Committee were held on 24 May 2017, 11 August 2017, 09 November 2017 and 08 February 2018. The composition of the Audit Committee during the year ended 31 March 2018 and the details of number of meetings attended by members of the Committee are as under:

| Committee Members  | Designation | No. of Meetings Attended |
|--------------------|-------------|--------------------------|
| Ms. Savita Agarwal | Chairman    | 4                        |
| Mr. Rupinder Singh | Member      | 4                        |
| Mr. Arvind Kajaria | Member      | 4                        |
| Mr. Anil Agrawal   | Member      | 4                        |

**c) Attendees:**

Mr. Pranvesh Tripathi, Company Secretary and Mr. Mohit Kumar Jha, Chief Financial Officer were in attendance in all the Audit Committee Meetings held during the financial year 2017-18 and The Audit Committee invited such other executives and personnel, as it considered appropriate to be present at its meetings.

**d) The terms of reference of the Audit Committee:**

The terms of reference of the Audit Committee are in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Section 177 of the Companies Act, 2013 inter alia includes:

- To interact with the auditors periodically about internal control systems, the scope of audit including the observations of auditors and review the quarterly, half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.
- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.

**3. AUDIT COMMITTEE**

**a) Constitution of Audit Committee:**

As on 31 March 2018, the Audit Committee comprise of 3 (three) Non-Executive Independent Directors and 1 (one) Executive Director. All the members of the Audit Committee are financially literate. The Chairman of the Committee is Ms. Savita Agarwal, Independent Director, a member of the Institute of Chartered Accountants of India.

The Company Secretary acts as Secretary of the Committee.

- Approve payment for any other services rendered by the statutory auditors.
- Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any Related party transactions; and
  - Qualifications in the draft audit report.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.

- vii) Reviewing with the management, the statement of uses/application of fund raised through an Initial Public Offer (IPO) on a quarterly basis as a part of quarterly review of financial results.
- viii) Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- ix) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- x) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- xi) To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- xii) Approval or any subsequent modifications of transactions with the related parties.
- xiii) Scrutiny of inter-corporate loans and investments.
- xiv) Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
- xv) Valuation of undertakings or assets of the Company, wherever it is necessary.
- xvi) Evaluation of internal financial controls and risk management systems.
- xvii) To review the functioning of whistle blower mechanism.
- xviii) Approval of appointment of CFO after assessing the qualifications, experience & Background etc. of the candidate.
- xix) Carrying out such other functions as may be specifically referred to the Committee by the Company's Board of Directors.

**e) Powers of Audit Committee:**

The Audit Committee has the following powers:

- I. To investigate any activity within its terms of reference as above.
- II. To seek information from any employee.
- III. To obtain outside legal and professional advice, if necessary.
- IV. To secure attendance of outsiders with relevant expertise, if considered necessary.

**4. NOMINATION AND REMUNERATION COMMITTEE**

**a) Constitution and Composition:**

The Nomination and Remuneration Committee comprises of four non-executive Independent Directors as its members. Mr. Rupinder Singh, Independent Director is the Chairman of the Committee and Mr. Anil Agrawal, Ms. Savita Agarwal and Mr. Ashok Bhandari are the members of the Committee. The Committee recommends policy relating to the remuneration for the directors, key managerial personnel and other senior level employees. The said Policy is approved by the Board and the same is placed on the Company's website. During the FY 2017-18, 1 (One ) meeting was held. i.e. on 24 March 2018.

| Committee Members  | Designation | No. of Meetings Attended |
|--------------------|-------------|--------------------------|
| Mr. Rupinder Singh | Chairman    | 1                        |
| Ms. Savita Agarwal | Member      | 1                        |
| Mr. Anil Agrawal   | Member      | 1                        |
| Mr. Ashok Bhandari | Member      | 1                        |

**b) Terms of reference:**

The terms of reference of the Committee inter alia includes;

- i) Identifying and selection of candidates for appointment as Directors / Independent Directors based on criteria fixed by the Committee;
- ii) Identifying potential individual for appointment as Key Managerial Personnel and to other Senior Management positions, if any;
- iii) Formulate and review from time to time the policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration;
- iv) Specify the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee, or by an Independent external agency and review its implementation and compliance.

**c) Remuneration Policy:**

- I. Executive Directors/Key managerial Personnel and other Senior level Employees:

The Committee annually reviews the corporate goals and objectives applicable to the Executive Directors/ Key Managerial Personnel and other senior level employees, evaluate at least annually the Executive Directors' Key Managerial

Personnel's and other senior level employees' performance in light of those goals and objectives and shall also annually review:

- (a) annual base salary,
- (b) annual incentive bonus, including the specific goals and amount,
- (c) equity compensation, if any
- (d) employment agreements, severance arrangements, and change in control agreements / provisions, and
- (e) any other benefits, compensation or arrangements, based on this evaluation.

The committee is responsible for administering the Company's equity incentive plans, if any, including the review and grant of awards to eligible employees under the plans and the terms and conditions applicable to such awards, subject to the provisions of each plan.

Mr. Arvind Kajaria and Mr. Sharad Kajaria are Executive Directors. The remuneration of the aforesaid Executive Directors is in accordance with the recommendation of the Nomination & Remuneration Committee and approvals obtained from the Board of Directors and shareholders.

Details of remuneration paid to Executive Directors during year ended 31 March 2018 are given below:

| Name of the Executive Director | Designation         | Salary & Allowances<br>(₹ in Lacs) | Perquisites<br>(₹ in Lacs) | Total<br>(₹ in Lacs) |
|--------------------------------|---------------------|------------------------------------|----------------------------|----------------------|
| Mr. Arvind Kajaria             | Managing Director   | 72.00                              | 0.11                       | 72.11                |
| Mr. Sharad Kajaria             | Whole-time Director | 67.50                              | 0.11                       | 67.61                |

The said Managing Director and Whole time Directors have not been issued any Stock Options, pension benefits etc. and they are also not entitled for performance linked incentives and severance fees.

The Company or the Executive Directors can with the notice of period of three (3) months terminate the contract with the Executive Director.

## II. Non-Executive Directors:

Non-Executive Directors of the Company are paid ₹ 0.20 Lacs for attending each Board Meeting and Committee Meeting. Except sitting fees no other payments have been made to the Non- Executive Directors.

Details of the Sitting fees paid during the year 2016-17 for attending the Board Meetings and Committee Meetings are as under:

| Name of the Non-Executive Director | Sitting Fees paid (₹ in Lacs) |
|------------------------------------|-------------------------------|
| Mrs. Savita Agarwal                | 2.20                          |
| Mr. Rupinder Singh                 | 2.60                          |
| Mr. Anil Agrawal                   | 2.60                          |
| Mr. Ashok Bhandari                 | 2.40                          |
| <b>Total</b>                       | <b>9.80</b>                   |

## 5. STAKEHOLDERS RELATIONSHIP COMMITTEE

### a) Constitution and Composition

The Stakeholder Relationship Committee comprises of four directors of which majority of them are Independent Directors and the Chairman of the Committee is Mr. Anil Agrawal, an Independent Director. Mr. Arvind Kajaria, Mr. Rupinder Singh and Mr. Ashok Bhandari are the other members of the Committee. The said Committee primarily looks into various issues relating to shareholders viz. transfer and transmission of shares, non-receipt of dividend and any other grievances of the investors and take necessary steps for redressal thereof.

During the year under review, 2 (Two) meetings of Stakeholders Relationship Committee were held on 18 October 2017 and 29 January 2018. The composition of the Stakeholders Relationship Committee and details of number of meeting attended by the members of the Committee are as under:

| Name of Director   | Designation | No. of Meetings Attended |
|--------------------|-------------|--------------------------|
| Mr. Anil Agrawal   | Chairman    | 2                        |
| Mr. Rupinder Singh | Member      | 2                        |
| Mr. Arvind Kajaria | Member      | 2                        |
| Mr. Ashok Bhandari | Member      | 2                        |

- b) Mr. Pranvesh Tripathi, Company Secretary acts as Compliance Officer of the Company and acts as a Secretary of the Committee.
- c) **During the year 2017-18, the Company has received complaints from shareholders / investors. There were no complaints pending as at end of the year. The breakup of the complaints received is as follows:**

| Nature of Requests/<br>Grievances/Complaints | Opening Balance<br>as on 01 April 2017 | Received during<br>the year | Resolved during<br>the year | Closing Balance as<br>on 31 March 2018 |
|----------------------------------------------|----------------------------------------|-----------------------------|-----------------------------|----------------------------------------|
| Transfer/Transmission/Dividend               | 0                                      | 1                           | 1                           | 0                                      |
| <b>Total</b>                                 | <b>0</b>                               | <b>1</b>                    | <b>1</b>                    | <b>0</b>                               |

## 6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

### a) Constitution and Composition

The composition of Corporate Social Responsibility Committee is as per the provisions of the Companies Act, 2013 and rules made thereunder. No meeting of the Corporate Social Responsibility Committee was held during the financial year 2017-18. The composition of the Corporate Social Responsibility Committee is as under:

| Name of Director   | Designation | No. of Meeting Attended |
|--------------------|-------------|-------------------------|
| Mr. Arvind Kajaria | Chairman    | —                       |
| Mr. Rupinder Singh | Member      | —                       |
| Mr. Anil Agrawal   | Member      | —                       |
| Mr. Ashok Bhandari | Member      | —                       |

### b) Terms of Reference:

- To frame CSR policy and review it from time to time.
- To ensure implementation and monitoring of the CSR activities as per the approved policy, plans and budget.
- To ensure the compliance with the laws, rules & regulations governing the CSR.
- To monitor the amount spent under CSR.

## 7. BUSINESS ADVISORY COMMITTEE

### a) Constitution and Composition

During the year the Board in its Meeting held on 11 August 2017 constituted a Business Advisory Committee with Mr. Arvind Kajaria, Managing Director as its Chairman and Mr. Ashok Bhandari, Independent Director as a member to look after and facilitate day to day business related decisions and also to monitor and guide the matters in between the two Board Meetings which are required to be reported to the Board. During the FY 2017-18, 3 (Three) meetings were held. i.e. on 18 October 2017, 29 January 2018 and 24 March 2018., The Constitution of the Business Advisory Committee is as under:

| Name of Director   | Designation | No. of Meetings Attended |
|--------------------|-------------|--------------------------|
| Mr. Arvind Kajaria | Chairman    | 3                        |
| Mr. Ashok Bhandari | Member      | 3                        |

### b) Terms of reference:

The terms of reference for the Business Advisory Committee is as follows:

- To advise on Business matters of the Company
- To guide the management on fortnightly/monthly basis business decisions and concerned matters.
- To foresee monthly budgets and updates.
- To foresee treasury related issues on fortnightly/ monthly basis.

## 8. GENERAL BODY MEETINGS

### i) Location, time and date of holding of the last three Annual General Meetings (AGM) are given below:

| Financial Year | Date              | Time      | Location of the Meeting                                                  |
|----------------|-------------------|-----------|--------------------------------------------------------------------------|
| 2014-15        | 08 September 2015 | 3.00 P.M. | Orchid Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018 |
| 2015-16        | 08 September 2016 | 3.00 P.M. | Royal Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018  |
| 2016-17        | 22 August 2017    | 3.00 P.M. | Orchid Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018 |

### ii) Special Resolutions during previous three Annual General Meetings:

| Financial Year | Particulars of Special Resolution Passed                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2014-15        | <ol style="list-style-type: none"> <li>Approval to borrow in excess of limit specified u/s 180(1)(c) of the Companies Act, 2013</li> <li>Approval to create charge, mortgage and/or hypothecation on the assets of the Company u/s 180(1) (a) of the Companies Act, 2013</li> <li>Approval to make investment, give loan, guarantee and/or provide security in excess of limit specified u/s 186 of the Companies Act, 2013</li> </ol> |
| 2015-16        | No Special Resolution.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 2016-17        | <ol style="list-style-type: none"> <li>Re-appointment of Mr. Arvind Kajaria as Managing Director; and</li> <li>Re-appointment of Mr. Sharad Kajaria as Whole-time Director of the Company.</li> </ol>                                                                                                                                                                                                                                  |

### iii) Resolutions through Postal Ballot:

During the financial year 2017-18 no resolution was passed by way of Postal Ballot process in terms of the provisions of Section 108, 110 and other applicable provisions, if any of the Companies Act, 2013 read with rules made thereunder.

## 9. OTHER DISCLOSURES

### a. Related Party transactions:

All the transactions entered into during the financial year with Related Parties as defined under the SEBI Listing Regulations, 2015 were in the ordinary course of business and at an arm's length pricing basis. All the Related Party Contracts were entered into with its Wholly Owned Subsidiaries. There were no materially significant transactions with related parties during the financial year.

The Board has approved a policy for related party transactions and policy for determining material subsidiaries which has been uploaded on the Company's website. The web-link for the policy on determining material subsidiary is [http://www.itlindia.com/docs/Policy\\_on\\_Material\\_Subsiidiaries.pdf](http://www.itlindia.com/docs/Policy_on_Material_Subsiidiaries.pdf)

And web-link for Policy on dealing with related party transactions is [http://www.itlindia.com/docs/Policy\\_on\\_Related\\_Party\\_Transactions.pdf](http://www.itlindia.com/docs/Policy_on_Related_Party_Transactions.pdf)

### b. Whistle Blower Policy / Vigil Mechanism:

The Board of Directors of the Company has pursuant to the SEBI Listing Regulations, 2015 framed a "Vigil Mechanism Policy" for Directors and employees of the Company to provide a mechanism which ensures adequate safeguards to employees and Directors from any victimization on raising of genuine concerns. The details of Vigil Mechanism framework is posted on the website of the Company.

The employees of the Company have the right/option to report their concern/grievance to the Chairman of the Audit Committee. No personnel have been denied access to the Audit Committee.

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. The Whistle Blower Policy is available on the Company's website.

### c. Shareholdings of the Non-Executive Directors as on 31 March 2018 is as under;

None of the non- executive directors are holding any shares of the Company.

### d. The Company has complied with the requirements of Regulatory Authorities on Capital Markets and no penalty was imposed on the Company during the last three years.

- e. The Company has complied with all the mandatory requirements under Part A of Schedule II of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to Corporate Governance compliances.
- f. The Company has complied, wherever applicable, with the corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- g. Since the Company is not engaged in the field of manufacturing goods, disclosures on commodity price risks and commodity hedging activities are not applicable.

#### 10. DISCRETIONARY REQUIREMENTS UNDER REGULATION 27(1) READ WITH PART E OF SCHEDULE II OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

The status of compliance with discretionary recommendations prescribed in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided below:

- A. Shareholders' Rights: As the quarterly and half yearly financial performance along with significant events are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.
- B. Statement on Impact of Audit Qualifications in Auditors Report/ Modified opinion(s): The Company's financial statement for the year 2017-2018 does not contain any Audit qualifications or a modified audit opinion.

#### 11. MEANS OF COMMUNICATION:

- (i) The quarterly results of the Company are published in English newspaper-"Business Standard" having nationwide circulation and regional language (Marathi) newspaper- "The Maharashtra Times". The quarterly results are submitted to the BSE Limited and the National Stock Exchange of India Limited immediately after the conclusion of the Board Meeting. The Company also displays all financial results and other information as required on its website [www.itlindia.com](http://www.itlindia.com). Also, as and

when the Company publishes a press release; the stock exchanges are intimated accordingly.

- (ii) Following presentations were made to institutional investors or to the analysts during the financial year 2017-18.
  1. To Equirus Securities (P) Limited Midcap Conference on 26 September 2017 in Mumbai, conducted by Equirus Securities.
  2. To IDFC Securities on 15 November 2017 in Mumbai, conducted by IDFC Securities.
  3. To Ambit Capital Pvt. Limited on 15 December 2017 in Kolkata, conducted by Ambit Capital.
  4. To Valorem Advisors on 22 March 2018 in Mumbai conducted by Valorem Advisors.
- (iii) The Management Discussion and Analysis Report pursuant to Listing Regulations is attached and forms part of this Annual Report.

#### 12. GENERAL SHAREHOLDER INFORMATION

##### i. Annual General Meeting:

Day, Date and Time: Wednesday, 12 September 2018 at 3:00 P.M.

Venue: Sunville, Orchid Room, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018

##### ii. Financial Calendar:

The Company follows April-March as its financial year.

Reporting for Un-audited / Audited Financial Results for the quarter ended:

30 June 2018 : By 14 August 2018

30 September 2018 : By 14 November 2018

31 December 2018 : By 14 February 2019

31 March 2019 : By 30 May 2019

AGM for the year

ending 31 March 2019 : By 30 September 2019

##### iii. Book Closure:

06 September 2018 to 12 September 2018 (both days inclusive)

- iv. The Payment date of dividend for the year 2017-18, if declared at the meeting will be on or after 13 September 2018 but latest by 12 October 2018.

##### v. Listing on Stock Exchanges:

###### BSE Limited

Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001.

###### National Stock Exchange of India Ltd

"Exchange Plaza", C - 1, G - Block, Bandra-Kurla Complex, Bandra(East) Mumbai - 400 051.

Note: Listing fees for the year 2018-19 has been paid to the said Stock Exchanges.

##### vi. Stock Code/Symbol:

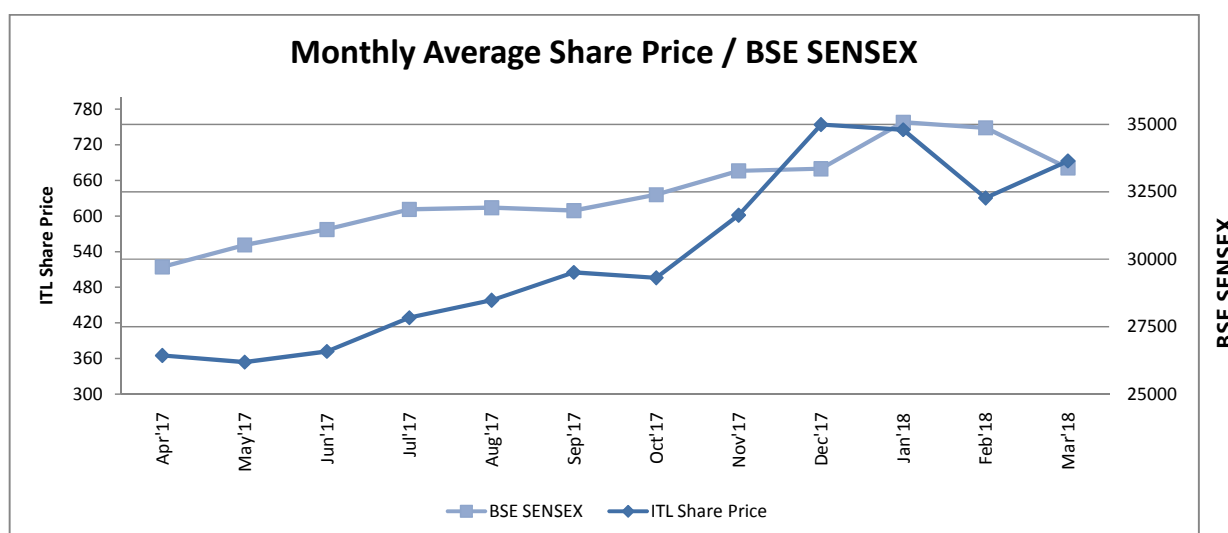
BSE – 533181

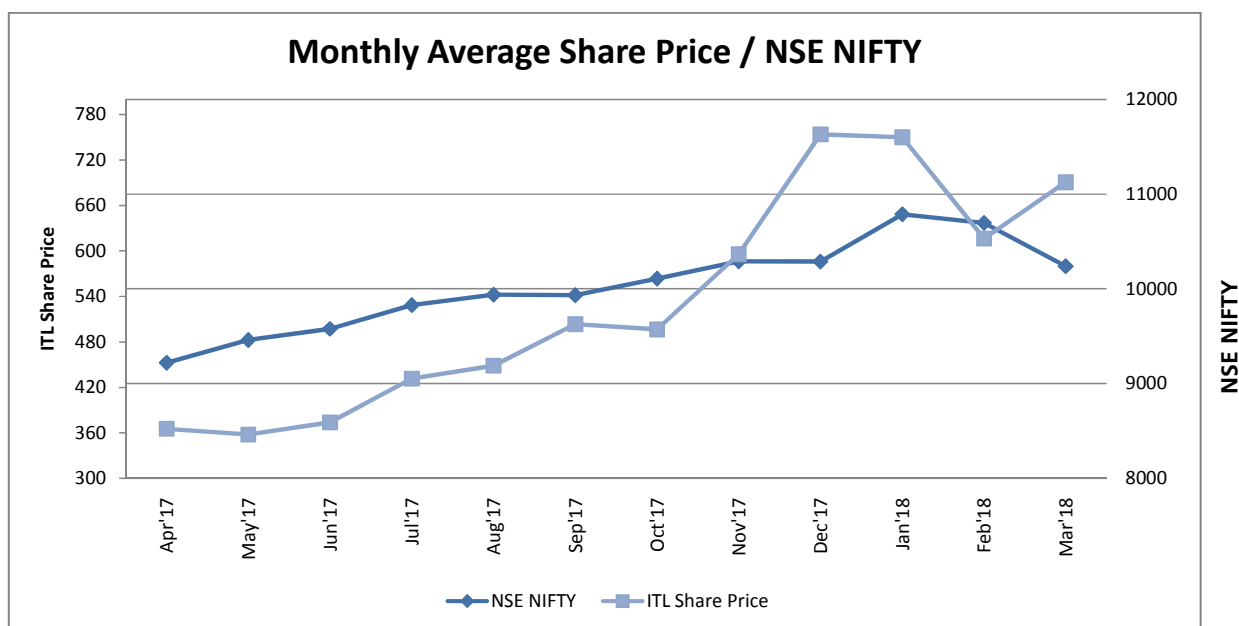
NSE – ISFT

**vii. Market Price Data:**

Monthly High and Low of the closing price and trading volume on BSE/ NSE depicting liquidity of the Company's Equity Shares on the said Exchanges is given herewith:

| Month  | BSE Limited |         |                      | National Stock Exchange of India Limited |         |                      |
|--------|-------------|---------|----------------------|------------------------------------------|---------|----------------------|
|        | High (₹)    | Low (₹) | No. of Shares Traded | High (₹)                                 | Low (₹) | No. of Shares Traded |
| Apr-17 | 399.90      | 330.10  | 151933               | 400.00                                   | 331.05  | 616769               |
| May-17 | 393.00      | 315.05  | 115376               | 396.00                                   | 320.00  | 385216               |
| Jun-17 | 422.00      | 322.00  | 92703                | 423.00                                   | 324.90  | 609979               |
| Jul-17 | 465.45      | 392.00  | 333891               | 466.40                                   | 397.00  | 803807               |
| Aug-17 | 544.00      | 372.10  | 129866               | 545.20                                   | 352.00  | 800761               |
| Sep-17 | 540.10      | 469.95  | 117522               | 541.85                                   | 465.00  | 445423               |
| Oct-17 | 523.00      | 469.10  | 64542                | 523.00                                   | 470.00  | 405366               |
| Nov-17 | 714.70      | 488.00  | 265823               | 714.45                                   | 477.15  | 1588636              |
| Dec-17 | 855.00      | 653.50  | 213209               | 854.00                                   | 653.70  | 1493324              |
| Jan-18 | 805.85      | 684.90  | 96495                | 810.00                                   | 690.00  | 854906               |
| Feb-18 | 710.80      | 550.00  | 111196               | 711.55                                   | 521.25  | 1057398              |
| Mar-18 | 745.90      | 640.00  | 221294               | 749.00                                   | 632.45  | 463200               |

**viii. Performance of the share price of the Company in comparison to the BSE SENSEX and NSE NIFTY are as under:**



\*ITL represents IntraSoft Technologies Limited

**ix. Share Transfer System:**

Transfer of shares held in demat form is done through the depositories without any involvement of the Company. As regards shares received for physical transfer, those are registered within a period of 15 days from the date of receipt, if the documents are in order.

**x. Category wise Shareholding as at 31 March 2018:**

| Sr. No.      | Category                              | No. of Shares held | % of Total Shares |
|--------------|---------------------------------------|--------------------|-------------------|
| 1.           | Promoter and Promoter Group           | 7,000,014          | 47.52             |
| 2.           | Financial Institutions                | 9,586              | 0.07              |
| 3.           | Mutual Fund                           | 0                  | 0.00              |
| 4.           | Alternate Investment Funds            | 191,900            | 1.30              |
| 4.           | Non-Nationalized Banks                | 5,989              | 0.04              |
| 5.           | Insurance Companies                   | 114                | 0.00              |
| 6.           | Government Companies (IEPF Authority) | 4,379              | 0.03              |
| 6.           | Foreign Portfolio Investors           | 1,700,645          | 11.54             |
| 7.           | Overseas Body Corporate               | 0                  | 0.00              |
| 8.           | Bodies Corporate                      | 1,640,535          | 11.13             |
| 9.           | Clearing Members                      | 106,395            | 0.72              |
| 10.          | NRIs/NRNs                             | 116,863            | 0.80              |
| 11.          | Others                                | 3,955,258          | 26.85             |
| <b>Total</b> |                                       | <b>14,731,678</b>  | <b>100.00</b>     |

**xi. Distribution of Shareholding as at 31 March 2018:**

| No. of Shares   | No. of Shareholders | % of Total Shareholders | Shares Held       | % of Total Shares |
|-----------------|---------------------|-------------------------|-------------------|-------------------|
| 1 - 500         | 6,628               | 88.25                   | 499,572           | 3.39              |
| 501 - 1000      | 334                 | 4.45                    | 266,299           | 1.81              |
| 1001 - 5000     | 393                 | 5.24                    | 921,435           | 6.26              |
| 5001 - 10000    | 64                  | 0.85                    | 458,603           | 3.11              |
| 10001 and above | 91                  | 1.21                    | 12,585,769        | 85.43             |
| <b>TOTAL</b>    | <b>7,510</b>        | <b>100.00</b>           | <b>14,731,678</b> | <b>100.00</b>     |

**xii. Dematerialization of Shares and Liquidity:**

The Company's shares are traded in dematerialized form. The equity shares of the Company are traded at BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

Equity Shares of the Company representing 99.81% of the Company's share capital are under demat mode as on 31 March 2018. Under the depository system, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE566K01011.

Second Amendment Rules, 2017 the Company has transferred 4,379 shares of different shareholders to IEPF Authority on whose shares the Dividend was unpaid/ unclaimed for a period of seven (7) consecutive years starting from the unpaid/unclaimed dividend of the Financial Year 2009-2010 or also of the earlier years.

As at the end of the Financial Year 31 March 2018 there are no shareholders whose share certificates are lying in physical form with our Registrar.

**xiii. Unclaimed Dividend:**

The members are informed that pursuant to provision of Section 124 & 125 of the Companies Act, 2013, the dividend declared by the Company from time to time and which remains unclaimed for a period of seven years, shall be transferred by the Company to Investor Education & Protection Fund (IEPF) established by the Central Government under the provisions of the said sections.

Pursuant to Investor Education and Protection Fund (Uploading of information regarding Unpaid and Unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded list of shareholders whose dividend are unpaid / unclaimed as on last Annual General Meeting on its website. Members who have not claimed the dividend are requested to lodge their claim with the Company or the Registrar of the Company, as no claim shall be entertained for the unclaimed dividend after transfer of the said unpaid / unclaimed dividend to IEPF.

**i. Registrar and Share Transfer Agents:**

Link Intime India Private Limited  
C-101, '247 Park', L.B.S. Marg, Vikhroli (West),  
Mumbai – 400 083  
Tel.: 022-49186000 Fax: 022-49186060

**ii. Plant Locations:**

The Company is not engaged in the manufacturing activities and hence does not have any Plant.

**iii. Address for Correspondence:**

**For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares:**

Link Intime India Private Limited  
C-101, '247 Park', L.B.S. Marg, Vikhroli (West),  
Mumbai – 400 083  
Tel.: 022-49186000 Fax: 022-49186060  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**For general correspondence:**

IntraSoft Technologies Limited  
A-502, Prathamesh, Raghuvanshi Mills Compound,  
Senapati Bapat Marg, Lower Parel, Mumbai-400013  
Tel No. 022-40040008 Fax No. 022- 24903123

**xiv. Details of unclaimed shares and shares on which Dividend is unpaid/unclaimed for seven (7) consecutive years.**

In terms of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund)

## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members  
IntraSoft Technologies Limited

We have examined the compliance of conditions of Corporate Governance by IntraSoft Technologies Limited ("the Company") for the year ended 31 March 2018 as stipulated Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management; our examinations were limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **RATHI & ASSOCIATES**  
**COMPANY SECRETARIES**

Place: Mumbai  
Date : 28 May 2018

Sd/-  
**JAYESH SHAH**  
PARTNER  
CP No. 2535

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## CODE OF CONDUCT DECLARATION

Pursuant to Para D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that the Company has obtained affirmative compliance with the Code of Conduct from all the Board Members and Senior Management Personnel of the Company.

Place: Kolkata  
Date : 28 May 2018

Sd/-  
**Arvind Kajaria**  
Managing Director

# **Consolidated Financial Statements**

# Independent Auditor's Report

## To the Members of IntraSoft Technologies Limited

### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the accompanying consolidated financial statements of IntraSoft Technologies Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The Holding Company's Board of Directors and the respective Board of Directors/management of the subsidiaries included in the Group, are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Further, in terms of the provisions of the Act, the respective Board of Directors/management of the companies included in the Group, covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards

and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 8 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

### OPINION

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (consolidated financial position) of the Group, as at 31 March 2018, and their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

### OTHER MATTER

9. We did not audit the financial statements / financial information of three subsidiaries and one step down subsidiary, whose financial statements / financial information reflect total assets of ₹ 1,726.79 lacs and net assets of ₹ 1,286.93 lacs as at 31 March 2018, total revenues of ₹ 4,271.01 lacs and net cash outflows amounting to ₹ 25.36

lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Further, of these subsidiaries, two subsidiaries, are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries, located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries, located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

10. The company had prepared separate sets of consolidated financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports dated 24 May 2017 and 27 May 2016 respectively. These separate sets of consolidated financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report(s) of the other auditor(s) on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, 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 purpose of our audit of the aforesaid consolidated financial statements;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

- c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;
- e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies, covered under the Act, none of the directors of the Group companies, covered under the Act, are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:
  - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 29 to the consolidated financial statements;
  - (ii) the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - (iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
  - (iv) the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Anamitra Das**

Partner

Membership No.: 062191

Place : Gurugram

Date : 28 May 2018

## ANNEXURE A

### INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ('THE ACT')

1. In conjunction with our audit of the consolidated financial statements of IntraSoft Technologies Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company, and its subsidiary companies, which are companies covered under the Act, as at that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

2. The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies covered under the Act, 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of

material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company and its subsidiary companies as aforesaid.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### OPINION

8. In our opinion and based on the consideration of the reports of the other auditors on IFCoFR of the subsidiary companies, the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### OTHER MATTERS

9. We did not audit the IFCoFR in so far as it relates to two subsidiary companies, which are companies covered under

the Act, whose financial statements/financial information reflect total assets of ₹ 758.51 lacs and net assets of ₹ 450.97 lacs as at 31 March 2018, total revenues of ₹ 2,923.66 lacs and net cash outflows amounting to ₹ 3.22 lacs for the year ended on that date, as considered in the consolidated financial statements. The IFCoFR in so far as it relates to such subsidiary companies, have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our

opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Anamitra Das**

Partner

Membership No.: 062191

Place : Gurugram

Date : 28 May 2018

# Consolidated Balance Sheet as at 31 March 2018

(All amounts in ₹ lacs, unless otherwise stated)

|                                                 | Notes  | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-------------------------------------------------|--------|------------------------|------------------------|-----------------------|
| <b>ASSETS</b>                                   |        |                        |                        |                       |
| <b>Non-current assets</b>                       |        |                        |                        |                       |
| Property, plant and equipment                   | 3 (a)  | 1,812.41               | 1,938.39               | 1,906.95              |
| Capital work-in-progress                        | 3 (c)  | -                      | -                      | 4.26                  |
| Other intangible assets                         | 3 (b)  | 341.85                 | 49.10                  | 59.12                 |
| <b>Financial assets</b>                         |        |                        |                        |                       |
| (i) Investments                                 | 4 (a)  | 1,372.34               | 499.44                 | 498.80                |
| (ii) Loans                                      | 5 (a)  | 10.50                  | 11.26                  | 10.67                 |
| Deferred tax assets (net)                       | 27 (e) | 1,738.65               | 1,711.46               | 1,628.28              |
| Non-current tax assets (net)                    | 27 (d) | 65.70                  | 36.27                  | 189.77                |
| Other non-current assets                        | 7 (a)  | 490.04                 | 400.72                 | 423.91                |
| <b>Total non-current assets</b>                 |        | <b>5,831.49</b>        | <b>4,646.64</b>        | <b>4,721.76</b>       |
| <b>Current assets</b>                           |        |                        |                        |                       |
| Inventories                                     | 8      | 12,389.94              | 4,125.04               | 5,529.82              |
| <b>Financial assets</b>                         |        |                        |                        |                       |
| (i) Investments                                 | 4 (b)  | 5,816.42               | 6,700.50               | 5,449.20              |
| (ii) Trade receivables                          | 9      | 1,230.29               | 949.54                 | 900.91                |
| (iii) Cash and cash equivalents                 | 10 (a) | 2,128.81               | 1,782.58               | 1,478.74              |
| (iv) Balances with bank, other than (iii) above | 10 (b) | 209.35                 | 152.99                 | 114.33                |
| (v) Loans                                       | 5 (b)  | 10.50                  | 179.65                 | 292.89                |
| (vi) Others                                     | 6      | 118.50                 | 140.60                 | 135.79                |
| Current tax assets (net)                        | 27 (d) | 53.06                  | 105.05                 | 10.02                 |
| Other current assets                            | 7 (b)  | 150.64                 | 115.64                 | 2,158.62              |
| <b>Total current assets</b>                     |        | <b>22,107.51</b>       | <b>14,251.59</b>       | <b>16,070.32</b>      |
| <b>Total assets</b>                             |        | <b>27,939.00</b>       | <b>18,898.23</b>       | <b>20,792.08</b>      |
| <b>EQUITY AND LIABILITIES</b>                   |        |                        |                        |                       |
| <b>Equity</b>                                   |        |                        |                        |                       |
| Equity share capital                            | 11     | 1,473.17               | 1,473.17               | 1,473.17              |
| Other equity                                    | 12     | 12,712.53              | 11,661.33              | 10,746.32             |
| <b>Total equity</b>                             |        | <b>14,185.70</b>       | <b>13,134.50</b>       | <b>12,219.49</b>      |
| <b>Liabilities</b>                              |        |                        |                        |                       |
| <b>Non-current liabilities</b>                  |        |                        |                        |                       |
| <b>Financial liabilities</b>                    |        |                        |                        |                       |
| (i) Borrowings                                  | 13 (a) | 7,946.77               | 1,621.25               | 3,312.50              |
| (ii) Other financial liabilities                | 15 (a) | 20.08                  | 23.09                  | 30.81                 |
| Provisions                                      | 17 (a) | 107.83                 | 94.00                  | 64.97                 |
| Deferred tax liabilities (net)                  | 27 (f) | 95.47                  | 130.72                 | 137.25                |
| Other non-current liabilities                   | 16 (a) | 105.49                 | -                      | -                     |
| <b>Total non-current liabilities</b>            |        | <b>8,275.64</b>        | <b>1,869.06</b>        | <b>3,545.53</b>       |
| <b>Current liabilities</b>                      |        |                        |                        |                       |
| <b>Financial liabilities</b>                    |        |                        |                        |                       |
| (i) Borrowings                                  | 13 (b) | -                      | -                      | 330.00                |
| (ii) Trade payables                             | 14     | 3,504.42               | 1,743.62               | 3,243.20              |
| (iii) Other financial liabilities               | 15 (b) | 1,028.19               | 1,143.85               | 995.54                |
| Other current liabilities                       | 16 (b) | 352.24                 | 531.98                 | 385.45                |
| Provisions                                      | 17 (b) | 3.76                   | 3.35                   | 2.75                  |
| Current tax liabilities (net)                   | 27 (d) | 589.05                 | 471.87                 | 70.12                 |
| <b>Total current liabilities</b>                |        | <b>5,477.66</b>        | <b>3,894.67</b>        | <b>5,027.06</b>       |
| <b>Total liabilities</b>                        |        | <b>13,753.30</b>       | <b>5,763.73</b>        | <b>8,572.59</b>       |
| <b>Total equity and liabilities</b>             |        | <b>27,939.00</b>       | <b>18,898.23</b>       | <b>20,792.08</b>      |

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements.

This is the Consolidated Balance Sheet referred to in our report of even date.

## For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

## per Anamitra Das

Partner

Membership No. 062191

## For and on behalf of the Board of Directors of

IntraSoft Technologies Limited

## Arvind Kajaria

Managing Director

(DIN: 00106901)

## Sharad Kajaria

Whole-time Director

(DIN: 00108036)

## Mohit Kumar Jha

Chief Financial Officer

## Pranvesh Tripathi

Company Secretary

Place : Gurugram

Date : 28 May 2018

Place : Kolkata

Date : 28 May 2018

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

(All amounts in ₹ lacs, unless otherwise stated)

|                                                                                  | Notes | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|----------------------------------------------------------------------------------|-------|-----------------------------|-----------------------------|
| <b>INCOME</b>                                                                    |       |                             |                             |
| Revenue from operations                                                          | 18    | 116,986.78                  | 93,901.06                   |
| Other income                                                                     | 19    | 510.88                      | 674.54                      |
| <b>Total income</b>                                                              |       | <b>117,497.66</b>           | 94,575.60                   |
| <b>EXPENSES</b>                                                                  |       |                             |                             |
| Cost of goods sold                                                               | 20    | 79,145.31                   | 60,274.63                   |
| Shipping and handling expenses                                                   | 21    | 17,528.31                   | 14,472.99                   |
| Sales and marketing expenses                                                     | 22    | 14,952.79                   | 13,573.23                   |
| Employee benefits expense                                                        | 23    | 2,039.06                    | 2,341.25                    |
| Finance costs                                                                    | 24    | 264.33                      | 355.53                      |
| Depreciation and amortisation expense                                            | 25    | 195.57                      | 187.44                      |
| Other expenses                                                                   | 26    | 1,417.83                    | 1,491.62                    |
| <b>Total expenses</b>                                                            |       | <b>115,543.20</b>           | 92,696.69                   |
| <b>Profit before tax</b>                                                         |       | <b>1,954.46</b>             | 1,878.91                    |
| <b>TAX EXPENSE:</b>                                                              |       |                             |                             |
| Current tax                                                                      | 27    | 650.74                      | 604.11                      |
| Deferred tax                                                                     | 27    | (62.44)                     | (89.71)                     |
| Prior year taxes                                                                 | 27    | (6.99)                      | 36.23                       |
| <b>Profit after tax</b>                                                          |       | <b>1,373.15</b>             | 1,328.28                    |
| <b>OTHER COMPREHENSIVE INCOME:</b>                                               |       |                             |                             |
| <b>(a) Items not to be reclassified to profit or loss in subsequent periods:</b> |       |                             |                             |
| - Remeasurements of post-employment benefit obligations                          |       | 14.51                       | 7.12                        |
| - Tax relating to these items                                                    |       | (3.73)                      | (2.13)                      |
| <b>(b) Items to be reclassified to profit or loss in subsequent periods:</b>     |       |                             |                             |
| - Net fair value gain/(loss) on investment in debt instruments through OCI       |       | (4.25)                      | 0.43                        |
| - Tax relating to these items                                                    |       | 1.17                        | (0.12)                      |
| <b>Total other comprehensive income for the year, net of tax</b>                 |       | <b>7.70</b>                 | 5.30                        |
| <b>Total comprehensive income for the year</b>                                   |       | <b>1,380.85</b>             | 1,333.58                    |
| <b>EARNINGS PER SHARE:</b>                                                       |       |                             |                             |
| Basic and diluted (₹)                                                            | 28    | 9.32                        | 9.02                        |

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

**For Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N/N500013

**per Anamitra Das**  
Partner  
Membership No. 062191

**For and on behalf of the Board of Directors of  
IntraSoft Technologies Limited**

**Arvind Kajaria**  
Managing Director  
(DIN: 00106901)

**Sharad Kajaria**  
Whole-time Director  
(DIN: 00108036)

**Mohit Kumar Jha**  
Chief Financial Officer

**Pranvesh Tripathi**  
Company Secretary

Place : Gurugram  
Date : 28 May 2018

Place : Kolkata  
Date : 28 May 2018

# Consolidated Statement of Cash Flows for the year ended 31 March 2018

(All amounts in ₹ lacs, unless otherwise stated)

|                                                                               | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                                 |                             |                             |
| <b>Profit before tax</b>                                                      | <b>1,954.46</b>             | 1,878.91                    |
| <b>Adjustments for:</b>                                                       |                             |                             |
| Depreciation and amortisation expense                                         | <b>195.57</b>               | 187.44                      |
| (Gain)/loss on sale of property, plant and equipment                          | <b>(3.40)</b>               | 6.21                        |
| Dividend income                                                               | <b>(6.39)</b>               | (62.49)                     |
| Net gain on sale of investments measured at FVTPL                             | <b>(397.27)</b>             | (559.66)                    |
| Net loss arising on remeasurement of investments measured at FVTPL            | <b>14.45</b>                | 71.05                       |
| Foreign exchange (gain)/loss                                                  | <b>6.91</b>                 | (13.83)                     |
| Finance costs                                                                 | <b>264.33</b>               | 355.53                      |
| Interest income                                                               | <b>(81.58)</b>              | (86.32)                     |
| Remeasurements of post-employment benefit obligations                         | <b>14.51</b>                | 7.12                        |
| Fair value (gain)/loss on investment in debt instruments measured through OCI | <b>(4.25)</b>               | 0.43                        |
| <b>Operating profit before working capital changes</b>                        | <b>1,957.34</b>             | 1,784.39                    |
| <b>Adjustments for working capital changes:</b>                               |                             |                             |
| Decrease in trade receivables                                                 | <b>(287.66)</b>             | (34.80)                     |
| Decrease/(increase) in inventories                                            | <b>(8,264.90)</b>           | 1,404.78                    |
| Decrease in loans                                                             | <b>169.91</b>               | 112.65                      |
| Decrease/(increase) in financial assets                                       | <b>(4.26)</b>               | (43.47)                     |
| Decrease/(increase) in other assets                                           | <b>(119.68)</b>             | 2,066.17                    |
| Increase in provisions                                                        | <b>14.24</b>                | 29.63                       |
| (Decrease)/increase in financial liabilities                                  | <b>(105.36)</b>             | 151.26                      |
| (Decrease)/increase in other liabilities                                      | <b>(74.25)</b>              | 146.53                      |
| (Decrease)/increase in trade payables                                         | <b>1,760.80</b>             | (1,499.58)                  |
| <b>Cash generated from / (used in) operating activities</b>                   | <b>(4,953.82)</b>           | 4,117.56                    |
| Income tax paid (net of refunds)                                              | <b>(506.57)</b>             | (182.16)                    |
| <b>Net cash generated from / (used in) operating activities (A)</b>           | <b>(5,460.39)</b>           | 3,935.40                    |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>                                |                             |                             |
| Purchase of investments                                                       | <b>(2,734.54)</b>           | (8,928.00)                  |
| Sale of investments                                                           | <b>3,160.77</b>             | 8,164.67                    |
| Purchase of property, plant and equipment                                     | <b>(79.54)</b>              | (201.51)                    |
| Purchase of intangible assets                                                 | <b>(307.06)</b>             | (5.95)                      |
| Proceeds from sale of property, plant and equipment and intangible assets     | <b>13.76</b>                | 6.80                        |
| Interest received                                                             | <b>44.71</b>                | 86.11                       |
| Dividend received                                                             | <b>6.39</b>                 | 62.49                       |
| (Investment in) fixed deposits                                                | <b>(30.00)</b>              | -                           |
| <b>Net cash generated from/ (used in) investing activities (B)</b>            | <b>74.49</b>                | (815.39)                    |

|                                                                     | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|---------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>                      |                             |                             |
| Proceeds / (repayment) of long-term borrowings                      | 6,325.52                    | (1,710.44)                  |
| Repayment of short-term borrowings                                  | -                           | (330.00)                    |
| Dividend paid (including taxes thereon)                             | (354.02)                    | (353.45)                    |
| Interest and finance costs                                          | (264.33)                    | (358.32)                    |
| <b>Net cash generated from / (used in) financing activities (C)</b> | <b>5,707.17</b>             | <b>(2,752.21)</b>           |
| <b>Net increase in cash and cash equivalents (A+B+C)</b>            | <b>321.27</b>               | <b>367.80</b>               |
| <b>Cash and cash equivalents at the beginning of the year</b>       | <b>1,782.58</b>             | <b>1,478.74</b>             |
| Effect of currency translation on cash and cash equivalents         | 24.96                       | (63.96)                     |
| <b>Cash and cash equivalents at the end of the year</b>             | <b>2,128.81</b>             | <b>1,782.58</b>             |
| <b>Components of cash and cash equivalents:</b>                     |                             |                             |
| Cash on hand                                                        | 0.41                        | 0.25                        |
| Balances with banks in current account                              | 2,128.40                    | 1,782.33                    |
|                                                                     | <b>2,128.81</b>             | <b>1,782.58</b>             |

**Notes:**

- The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, "Statement of Cash Flows".
- Reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financial activities are as under:

| Particulars                                        | Balance as on<br>31 March 2018 | Balance as on<br>31 March 2017 |
|----------------------------------------------------|--------------------------------|--------------------------------|
| <b>Long term borrowings:</b>                       |                                |                                |
| - Opening balance                                  | 1,621.25                       | 3,331.69                       |
| - Received during the year                         | 6,325.52                       | -                              |
| - Repayment made during the year                   | -                              | (1,710.44)                     |
|                                                    | <b>7,946.77</b>                | <b>1,621.25</b>                |
| <b>Short term borrowings:</b>                      |                                |                                |
| - Opening balance                                  | -                              | 330.00                         |
| - Received during the year                         | -                              | -                              |
| - Repayment made during the year                   | -                              | (330.00)                       |
| <b>Total liabilities from financing activities</b> | <b>7,946.77</b>                | <b>1,621.25</b>                |

This is the consolidated statement of Cash Flows referred to in our report of even date.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

**per Anamitra Das**

Partner

Membership No. 062191

**For and on behalf of the Board of Directors of****IntraSoft Technologies Limited****Arvind Kajaria**

Managing Director

(DIN: 00106901)

**Sharad Kajaria**

Whole-time Director

(DIN: 00108036)

**Mohit Kumar Jha**

Chief Financial Officer

**Pranvesh Tripathi**

Company Secretary

Place : Gurugram

Date : 28 May 2018

Place : Kolkata

Date : 28 May 2018

# Consolidated Statement of Changes in Equity for the year ended 31 March 2018

(All amounts in ₹ lacs, unless otherwise stated)

| Particulars                                                       | Equity share capital | Reserves and Surplus       |                 |                 | Foreign exchange translation difference | Other comprehensive income (OCI)                      |                              | Total            |
|-------------------------------------------------------------------|----------------------|----------------------------|-----------------|-----------------|-----------------------------------------|-------------------------------------------------------|------------------------------|------------------|
|                                                                   |                      | Securities premium account | General reserve | Capital reserve |                                         | Remeasurements of post-employment benefit obligations | Debt instruments through OCI |                  |
| <b>As at 1 April 2016 (refer note 36)</b>                         | <b>1,473.17</b>      | <b>5,527.11</b>            | <b>169.15</b>   | <b>96.14</b>    | <b>130.80</b>                           | -                                                     | -                            | <b>12,219.49</b> |
| Profit for the year                                               | -                    | -                          | -               | -               | -                                       | -                                                     | -                            | 1,328.28         |
| Foreign exchange translation difference for the year              | -                    | -                          | -               | -               | (63.96)                                 | -                                                     | -                            | (63.96)          |
| Items of other comprehensive income, net of tax:                  |                      |                            |                 |                 |                                         |                                                       |                              |                  |
| Remeasurements of post-employment benefit obligations, net of tax | -                    | -                          | -               | -               | -                                       | 4.99                                                  | -                            | 4.99             |
| Net gain in debt instruments through other comprehensive income   | -                    | -                          | -               | -               | -                                       | -                                                     | 0.31                         | 0.31             |
| Dividends paid (including corporate dividend tax)                 | -                    | -                          | -               | -               | -                                       | -                                                     | -                            | (354.61)         |
| <b>As at 31 March 2017</b>                                        | <b>1,473.17</b>      | <b>5,527.11</b>            | <b>169.15</b>   | <b>96.14</b>    | <b>66.84</b>                            | <b>4.99</b>                                           | <b>0.31</b>                  | <b>13,134.50</b> |
| <b>Changes in equity for the year ended 31 March 2018</b>         |                      |                            |                 |                 |                                         |                                                       |                              |                  |
| Profit for the year                                               | -                    | -                          | -               | -               | -                                       | -                                                     | -                            | 1,373.15         |
| Foreign exchange translation difference for the year              | -                    | -                          | -               | -               | 24.96                                   | -                                                     | -                            | 24.96            |
| Items of other comprehensive income, net of tax:                  |                      |                            |                 |                 |                                         |                                                       |                              |                  |
| Remeasurements of post-employment benefit obligations, net of tax | -                    | -                          | -               | -               | -                                       | 10.78                                                 | -                            | 10.78            |
| Net gain in debt instruments through other comprehensive income   | -                    | -                          | -               | -               | -                                       | -                                                     | (3.08)                       | (3.08)           |
| Dividends paid (including corporate dividend tax)                 | -                    | -                          | -               | -               | -                                       | -                                                     | -                            | (354.61)         |
| <b>Balance as at 31 March 2018</b>                                | <b>1,473.17</b>      | <b>5,527.11</b>            | <b>169.15</b>   | <b>96.14</b>    | <b>91.80</b>                            | <b>15.77</b>                                          | <b>(2.77)</b>                | <b>14,185.70</b> |

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements.

This is the consolidated statement of Changes in Equity referred to in our report of even date.

## For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

## For and on behalf of the Board of Directors of

**IntraSoft Technologies Limited**

**per Anamitra Das**

Partner

Membership No. 062191

Place : Gurugram

Date : 28 May 2018

**Arvind Kajaria**

Managing Director

(DIN: 00106901)

Place : Kolkata

Date : 28 May 2018

**Sharad Kajaria**

Whole-time Director

(DIN: 00108036)

**Mohit Kumar Jha**

Chief Financial Officer

**Pranvesh Tripathi**

Company Secretary

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in ₹ lacs, unless otherwise stated)

## 1 GROUP'S BACKGROUND

IntraSoft Technologies Limited ('the Parent Company') is a public limited company domiciled in India and registered under the provisions of the Companies Act, 1956. The Parent Company is listed on Bombay Stock Exchange and National Stock Exchange of India Limited.

The consolidated financial statements relate to IntraSoft Technologies Limited and its subsidiaries (collectively referred as "the Group") as per details given below:

| Name of the subsidiary or step-down subsidiary  | Country of incorporation | % holding as on 31 March 2018 |
|-------------------------------------------------|--------------------------|-------------------------------|
| IntraSoft Ventures Pte. Limited                 | Singapore                | 100%                          |
| 123Greetings.com, Inc.                          | United States of America | 100%                          |
| One Two Three Greetings (India) Private Limited | India                    | 100%                          |
| 123Stores, Inc.                                 | United States of America | 100%                          |
| 123Stores E Commerce Private Limited            | India                    | 100%                          |

The Group is primarily engaged in the business of providing a multi-channel e-commerce retail platform, with a strong technology backbone that primarily serves the US market.

The Consolidated Financial Statements of the Group for the year ended 31 March 2018 were approved for issue in accordance with the resolution of the Board of Directors on 28 May 2018.

### (a) General information and statement of compliance with Indian Accounting Standards

These financial statements are the consolidated financial statements of the Group prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 (hereinafter referred to as the "Act") (to the extent notified) and guidelines issues by the Securities and Exchange Board of India ('SEBI').

For all periods up to and including the year ended 31 March 2017, the Group had prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP'). The Group has adopted all the Ind AS's and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. Detailed explanation on how the transition from Previous GAAP to Ind AS has affected the Group's Balance Sheet, financial performance and cash flows is

given under Note 36.

### (i) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries. Control is achieved when the Group has:

- Power over the investee;
- Is exposed or has rights to variable returns from its involvement with the investee, and
- Has the ability to use its power over the investee to affects its return.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

The consolidated financial statements have been prepared on accrual and going concern basis. They are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group

uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

**(ii) Consolidation procedure**

These consolidated financial statements for the year ended 31 March 2018 are the first financial statements of the Group prepared under Ind AS. For all periods up to and including the year ended 31 March 2016, the Group prepared its consolidated financial statements in accordance with the Previous GAAP used for its statutory reporting requirement in India immediately before adopting Ind AS. The consolidated financial statements for the year ended 31 March 2017 and the opening consolidated Balance Sheet as at 1 April 2016 have been restated in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Group's consolidated Balance Sheet, consolidated Statement of Profit and Loss and consolidated Statement of Cash Flows are provided in Note 36.

The accounting policies are applied consistently to all the periods presented in the consolidated financial statements, including the preparation of the opening Ind AS consolidated Balance Sheet as at 1 April 2016 being the 'date of transition to Ind AS'. All assets and liabilities have been classified as current or non current as per the Group's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The consolidated financial statements of the Group have been prepared based on a line-by-line consolidation by adding together the book value of like items of assets and liabilities, revenue and expenses as per the respective financial statements. Intra Group balances and intra Group transactions have been eliminated.

Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary.

Eliminate in full intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-Group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intra-Group losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intra-Group transactions.

The translation of financial statements of the foreign subsidiaries from the local currency to the functional currency of the parent is performed for the Balance Sheet items using the exchange rate in effect at the Balance Sheet date and for revenue, expenses items using a weighted average exchange rate for the respective periods and the resulting difference is presented as foreign currency translation reserve included in "Other Equity".

The financial statements of the subsidiaries have been incorporated in the consolidated financial statements of the Group based on audited financial statements as drawn up in accordance with the generally accepted accounting principles of the respective countries ('the local GAAP') and have been audited by other auditors duly qualified to act as auditors in those countries and the conversion adjustments prepared by the management.

**(b) Recent accounting pronouncements**

Information on new standards, amendments and interpretations that are expected to be relevant to the consolidated financial statements is provided below.

Ministry of Corporate Affairs vide notification dated 28 March 2018, has issued the Companies (Indian Accounting Standards) Amendments Rules, 2018. These amended rules are effective from 1 April 2018.

**Ind AS 115, Revenue from contracts with customers**

With the notification, of Ind AS 115, Ind AS 18 - "Revenue" has been withdrawn from the financial year beginning 1 April 2018 onwards and consequential amendments have also been made in other standards.

Ind AS 115 promotes to create a single model for revenue recognition for contracts. It applies to most revenue arrangements, including construction contracts. Among other things, it changes the criteria for determining whether revenue is recognised at a

point in time or over time. It provides a new contract-based five-step revenue model for revenue recognition and measurement. Ind AS 115 provides more detailed guidance on specific topics where existing revenue standard Ind AS 18 is lacking such as multiple element arrangements, variable consideration, sale with a right to return, licensing arrangements etc. The Group is evaluating the requirements of the amendment and its impact on the consolidated financial statements.

#### **Appendix B Foreign currency transactions and advance consideration to Ind AS 21**

Appendix B is inserted to Ind AS 21 - The effects of changes in foreign exchange rates. This appendix addresses the issue of determining the date of transaction for initial recognition of a foreign currency transactions (or part of it) under Ind AS 21, when an entity recognises a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income (or part of it). It clarified that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration in foreign currency. The Group is evaluating the requirements of the amendment and its impact on the consolidated financial statements.

#### **Use of estimates**

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

#### **Critical accounting estimates**

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements.

#### **Evaluation of indicators for impairment of assets**

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

#### **Income taxes**

The Group's two major tax jurisdiction are India and the U.S., though the Group also files tax returns in other jurisdictions. Significant judgements are involved in determining the provision for income taxes including amounts expected to be paid or recovered for uncertain tax positions. Refer note 27.

#### **Useful lives of depreciable or amortisable assets**

Management reviews its estimate of the useful lives of depreciable or amortisable assets at each reporting date, based on its expected utility of those assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

#### **Measurement of defined benefit obligation (DBO)**

The costs of providing post-employment benefits are charged to the consolidated Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in Note 23.

#### **Fair value measurements**

When the fair value of financial assets and financial liabilities recorded in the consolidated Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions. Refer note 33 for details.

#### **Provisions and liabilities**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**Contingencies**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. Potential liabilities that are possible but not probable of crystalizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared using the accounting policies and measurement basis summarized below:

**(a) Overall considerations**

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases that are in effect at 31 March 2018, as summarised below.

**(b) Current versus non-current classification**

The Group presents all its assets and liabilities in the Consolidated Balance Sheet based on current or non-current classification.

An asset is classified as current when:

- it is expected to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it is held the asset primarily for the purpose of trading;
- it is expected to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it expects to settle the liability in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities, as the case may be.

Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of the assets and liabilities.

**(c) Foreign currency transactions and translations****Functional currency**

The functional currency of IntraSoft Technologies Limited, One Two Three Greetings (India) Private Limited and 123Stores E Commerce Private Limited is Indian Rupees ('INR'). The functional currencies of 123Stores, Inc., IntraSoft Ventures Pte. Limited and 123Greetings.com, Inc. are the respective local currencies. These consolidated financial statements are presented in Indian Rupees ('INR'), which is the functional currency of the Group. Functional currency is the currency of the primary economic environment in which the Group operates.

**Transaction and translation**

Foreign currency monetary items of the Group are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured. Exchange differences arising out of these translations are recognized in the Consolidated Statement of Profit and Loss.

On consolidation, the assets and liabilities of foreign operations are translated into Indian Rupees ('INR') at the exchange rate prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in Consolidated Statement of OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to Consolidated Statement of Profit and Loss. However, when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

Foreign currency monetary items are reported using the year-end rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

**(d) Fair value measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and or disclosure purposes in these consolidated financial statements is determined on such basis.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

**(e) Revenue recognition**

Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Group in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates allowed by the Group.

Revenue includes only the gross inflows of economic benefits, received and receivable by the Group, on its own account. Amounts collected on behalf of third parties such as service tax, value added tax and goods and service tax are excluded from revenue.

**Sale of services**

Revenue from advertising are principally generated from impressions of customer's banners on the company's

web site. Revenues are recognized and billed on the last day of the month using industry recognized reporting.

**Sale of goods**

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods and the amount of revenue can be measured reliably. The Group retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, goods and service tax etc.

As the Group ships large volume of packages through multiple carriers, actual delivery dates may not always be available and as such the Group estimates delivery dates based on historical data. Product revenue is recorded at the gross amount as the Group is the primary obligor with the customer and have latitude in establishing price and selecting products sold, discretion in selecting suppliers of products sold, maintain inventory risk from shipment through delivery date and upon accepting returns and bear credit risk. Net revenue includes shipping costs charged to the customer and are recorded net of taxes collected from customers, which are remitted to governmental authorities. Cash discounts, estimated returns and rebates are deducted from gross revenue in determining net revenue. The Group records an allowance for returns based on current period revenue and historical returns experience.

Advances received for services and products are reported as unearned revenues until all conditions for revenue recognition are met.

**Interest income:**

Interest income is recorded on accrual basis using the effective interest rate (EIR) method.

**Dividend income:**

Dividend income is recognized when the right to receive dividend is established.

**(f) Property, plant and equipment**

**Recognition:**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by the management.

**Subsequent measurement (depreciation and useful lives):**

The Group depreciates property, plant and equipment on a pro-rata basis over their estimated useful lives using the straight-line method. The estimated useful lives of the assets prescribed under Schedule II of the Act are as follows:

| Category of asset      | Useful life (years) |
|------------------------|---------------------|
| Buildings              | 60                  |
| Furniture and fixtures | 7 to 10             |
| Computer equipment     | 3 to 6              |
| Office equipment       | 5                   |
| Vehicles               | 8                   |

The Group reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

Advances paid towards the acquisition property, plant and equipment outstanding as at each balance sheet date is classified as capital advance under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment are capitalised only when it is probable that the future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Consolidated Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the consolidated financial statements upon sale or upon retirement of the asset and resultant gains or losses are recognized in the consolidated Statement of Profit and Loss.

**De-recognition:**

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

**Transition to Ind AS**

Upon first-time adoption of Ind AS, the Group has elected to measure all its property, plant and equipment recognised as at 1 April 2016, as per the previous GAAP,

and used the carrying amount as its deemed cost on the date of transition to Ind AS.

**(g) Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment. They are amortised over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors, including the affects of obsolescence, demand, competition and other economic factors (such as stability of the industry and know technological advances) and the level of maintenance expenditures required to obtain the future cash flows from the asset. Residual value, useful lives and amortisation method are reviewed annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

**Intangible assets – internal-use software**

Certain costs related to computer software developed or obtained for internal-use are capitalized or expensed in accordance with the applicable accounting standards. During the year, the Group has recognized the costs associated with developing an artificial intelligence-based system developed to capture the demand data and adjust the storage and fulfilment locations with the help of combination of algorithms so as to optimize the number of locations and also able to optimize the quantities to be stored to reduce the storage and fulfilment costs. The Group will start amortising this cost once the development of the artificial intelligence-based system is complete.

**Transition to Ind AS**

Upon first-time adoption of Ind AS, the Group has elected to measure all its intangible assets recognised as at 1 April 2016, as per the previous GAAP, and used the carrying amount as its deemed cost on the date of transition to Ind AS.

**(h) Impairment of non-financial assets**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation

can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## (i) Financial instruments:

### Classification:

The Group classifies its financial assets in the following measurement categories depending on the Group's business model for managing such financial assets and the contractual cash flow terms of the asset:

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

For assets measured at fair value, gains or losses are either recorded in the Consolidated Statement of Profit and Loss or Other Comprehensive Income. Investments in debt instruments are classified depending on the business model managing such investments. The Group re-classifies the debt investments when and only when there is a change in business model managing those assets.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through consolidated statement of profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Consolidated Statement of Profit and Loss.

### Initial recognition and measurement:

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

### Subsequent measurement:

For subsequent measurement, the Group classifies a financial asset in accordance with the below criteria:

- The Group's business model for managing the financial asset and,
- The contractual cash flow characteristics of the financial asset.

Financial assets carried at amortised cost - A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income - A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further in cases where the Group has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognised in other comprehensive income.

This category applies to investments by the Group in debt instruments. Such financial assets are subsequently

measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Group recognizes interest income and impairment losses and its reversals in the Consolidated Statement of Profit and Loss. On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to Consolidated Statement of Profit and Loss.

Financial assets at fair value through profit and loss - A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Consolidated Statement of Profit and Loss.

This category applies to investments by the Group in non-convertible debentures, perpetual bonds.

#### **Investments in mutual funds:**

Investments in mutual funds are measured at fair value through profit and loss.

#### **De-recognition of financial assets**

A financial asset is de-recognized when:

- (i) Contractual right to receive cash flows from such financial asset expires;
- (ii) Group transfers the contractual right to receive cash flows from the financial asset; or
- (iii) Group retains the right to receive the contractual cash flows from the financial asset, but assumes a contractual obligation to pay such cash flows to one or more recipients.

Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards associated with the ownership of the financial asset. In such cases, the financial asset is de-recognized. Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognized.

Where the Group has neither transferred nor retained substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Group does not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in such financial asset.

#### **Impairment of financial assets**

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the weighted-average of difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Group is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### **Trade receivables**

In respect of trade receivables, the Group applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL area portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date. ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

#### **Other financial assets**

In respect of its other financial assets, the Group assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes

that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

### **Financial liabilities**

#### **Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortised cost.

#### **Subsequent measurement**

Subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

#### **De-recognition of financial liabilities**

A financial liability is de-recognised when the underlying obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **(j) Inventories**

Inventory consists of finished goods, for sale to customers, held at various third party warehouses. The Group values inventory at the lower of cost and net realizable value. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition. These costs include purchase costs of inventory (net of vendor volume discounts) and shipping and handling costs. Net realizable value is determined at market value less selling costs. The "lower of cost and net realizable value", criteria is evaluated for each item of inventory as on balance sheet date.

### **(k) Taxation**

Tax expense recognized in Consolidated Statement of Profit or Loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

#### **Current tax**

Calculation of current tax is based on tax rates and tax laws that have been enacted for the reporting period. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Current income tax for current and prior periods is recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

The Group off-sets current tax assets and liabilities, where it has a legally enforceable right to set-off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **Minimum alternate tax (MAT)**

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. MAT Credits are in the form of unused tax credits that are carried forward by the Group for a specified period of time. Accordingly, MAT Credit Entitlement has been Grouped with Deferred Tax Asset (net). Correspondingly, MAT credit entitlement has been Grouped with deferred tax in the Statement of Profit and Loss.

#### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. The carrying amount of

deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets (including MAT credits) are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

#### (l) Employee benefits expense

Expenses and liabilities in respect of employee benefits expense are recorded in accordance with Ind AS 19, Employee Benefits.

##### Defined contribution plan:

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

##### Defined benefit plans:

###### Gratuity

The defined benefit obligation for post employment benefit plan is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the Consolidated Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in

retained earnings in the Consolidated Statement of Changes in Equity and in the Consolidated Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in Consolidated Statement of Profit or Loss as past service cost.

##### Other long term employee benefits:

###### Compensated Absences

The employees of the Group are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation using projected unit credit method on the additional amount expected to be paid or availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

The measurement of other long-term employee benefits is not usually subject to the same degree of uncertainty as the measurement of post-employment benefits. Hence the remeasurements are not recognised in Other Comprehensive Income.

#### (m) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, cash at bank, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (n) Provisions and contingent liabilities and contingent assets.

##### Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

##### Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that is not recognised

because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Group does not recognise a contingent liability but discloses its existence in the consolidated financial statements.

#### **Contingent assets**

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

#### **(o) Earnings per equity share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Group by the weighted average number of equity shares outstanding during the year. Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. As on the consolidated balance sheet dates, the Group has no dilutive potential equity shares.

#### **(p) Lease**

##### **As a lessee**

##### **Finance Lease**

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

Finance leases are capitalised at the commencement of the lease at fair value of the leased property or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a

constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Consolidated Statement of Profit and Loss.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule II to the Act whichever is lower. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule II to the Act.

##### **Operating Lease**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Consolidated Statement of Profit or Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

#### **(q) Government grants and subsidies**

The Parent Company is entitled to grants from state government in respect of state incentive scheme. Such subsidies are measured at amounts receivable from the government which are non-refundable and are recognized as income when there is a reasonable assurance that the Parent company will comply with all necessary conditions attached to them.

Government grants related to revenue are recognised on a systematic basis in net profit in the Consolidated Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate.

#### **(r) 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 the statement of profit and 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 and amortised over the period of the facility to which it relates.

Borrowings are derecognised 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 consolidated Statement of Profit and Loss as other gains or (losses).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**(s) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition or construction of qualifying asset are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get itself ready for the intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

**(t) Dividends**

The final dividend on equity shares is recorded as a liability on the date of approval by the shareholders, and interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors.

**(u) Events after reporting date**

Where events occurring after the Consolidated Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the consolidated financial statements. Otherwise, events after the Consolidated Balance Sheet date of material size or nature are only disclosed.

**(v) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. As per requirements of Ind AS 108, 'Segment Reporting', no disclosures are required to be made since the Group's activities consists of a single business segment (primary segment) of Internet based delivery of products and services.

(All amounts in ₹ lacs, unless otherwise stated)

**3 (a) PROPERTY, PLANT AND EQUIPMENT**

|                                                                  | <b>Buildings</b> | <b>Furniture and fixtures</b> | <b>Computer equipment</b> | <b>Office equipment</b> | <b>Vehicles</b> | <b>Total</b>    |
|------------------------------------------------------------------|------------------|-------------------------------|---------------------------|-------------------------|-----------------|-----------------|
| <b>Gross block</b>                                               |                  |                               |                           |                         |                 |                 |
| Balance as at 01 April 2016<br>(Deemed cost) [Refer note 36 (a)] | 1,282.79         | 319.52                        | 97.62                     | 111.22                  | 95.80           | 1,906.95        |
| Additions                                                        | -                | 95.49                         | 36.93                     | 83.50                   | -               | 215.92          |
| Disposals                                                        | -                | 14.74                         | 0.72                      | 5.87                    | 18.45           | 39.78           |
| <b>Balance as at 31 March 2017</b>                               | <b>1,282.79</b>  | <b>400.27</b>                 | <b>133.83</b>             | <b>188.85</b>           | <b>77.35</b>    | <b>2,083.09</b> |
| Additions                                                        | -                | 4.91                          | 32.85                     | 15.28                   | 12.60           | 65.64           |
| Disposals                                                        | -                | 9.54                          | 85.04                     | 35.27                   | -               | 129.85          |
| <b>Balance as at 31 March 2018</b>                               | <b>1,282.79</b>  | <b>395.64</b>                 | <b>81.64</b>              | <b>168.86</b>           | <b>89.95</b>    | <b>2,018.88</b> |
| <b>Accumulated depreciation</b>                                  |                  |                               |                           |                         |                 |                 |
| Balance as at 01 April 2016<br>(Deemed cost) [Refer note 36 (a)] | -                | -                             | -                         | -                       | -               | -               |
| Charge for the year                                              | 21.71            | 44.48                         | 49.82                     | 36.19                   | 19.50           | 171.70          |
| Disposals                                                        | -                | 4.73                          | 0.59                      | 5.20                    | 16.48           | 27.00           |
| <b>Balance as at 31 March 2017</b>                               | <b>21.71</b>     | <b>39.75</b>                  | <b>49.23</b>              | <b>30.99</b>            | <b>3.02</b>     | <b>144.70</b>   |
| Charge for the year                                              | 21.71            | 51.46                         | 46.91                     | 42.91                   | 18.27           | 181.26          |
| Disposals                                                        | -                | 5.98                          | 78.72                     | 34.79                   | -               | 119.49          |
| <b>Balance as at 31 March 2018</b>                               | <b>43.42</b>     | <b>85.23</b>                  | <b>17.42</b>              | <b>39.11</b>            | <b>21.29</b>    | <b>206.47</b>   |
| <b>Net block</b>                                                 |                  |                               |                           |                         |                 |                 |
| Balance as at 01 April 2016                                      | 1,282.79         | 319.52                        | 97.62                     | 111.22                  | 95.80           | 1,906.95        |
| <b>Balance as at 31 March 2017</b>                               | <b>1,261.08</b>  | <b>360.52</b>                 | <b>84.60</b>              | <b>157.86</b>           | <b>74.33</b>    | <b>1,938.39</b> |
| <b>Balance as at 31 March 2018</b>                               | <b>1,239.37</b>  | <b>310.41</b>                 | <b>64.22</b>              | <b>129.75</b>           | <b>68.66</b>    | <b>1,812.41</b> |

(All amounts in ₹ lacs, unless otherwise stated)

### 3 (b) OTHER INTANGIBLE ASSETS

|                                                               | Softwares     | Total         |
|---------------------------------------------------------------|---------------|---------------|
| <b>Gross block</b>                                            |               |               |
| Balance as at 01 April 2016 (Deemed cost) [Refer note 36 (a)] | 59.12         | 59.12         |
| Additions                                                     | 5.95          | 5.95          |
| Disposals                                                     | 0.59          | 0.59          |
| <b>Balance as at 31 March 2017</b>                            | <b>64.48</b>  | <b>64.48</b>  |
| Additions                                                     | 307.06        | 307.06        |
| Disposals                                                     | -             | -             |
| <b>Balance as at 31 March 2018</b>                            | <b>371.54</b> | <b>371.54</b> |
| <b>Accumulated amortisation</b>                               |               |               |
| Balance as at 01 April 2016 (Deemed cost) [Refer note 36 (a)] | -             | -             |
| Charge for the year                                           | 15.74         | 15.74         |
| Disposals                                                     | 0.36          | 0.36          |
| <b>Balance as at 31 March 2017</b>                            | <b>15.38</b>  | <b>15.38</b>  |
| Charge for the year                                           | 14.31         | 14.31         |
| Disposals                                                     | -             | -             |
| <b>Balance as at 31 March 2018</b>                            | <b>29.69</b>  | <b>29.69</b>  |
| <b>Net block</b>                                              |               |               |
| Balance as at 01 April 2016                                   | 59.12         | 59.12         |
| <b>Balance as at 31 March 2017</b>                            | <b>49.10</b>  | <b>49.10</b>  |
| <b>Balance as at 31 March 2018</b>                            | <b>341.85</b> | <b>341.85</b> |

**Notes:**

- i) Represents deemed cost as on the date of transition to Ind AS. Gross block and accumulated depreciation have been netted off.

### 3 (c) CAPITAL WORK-IN-PROGRESS

|                                                     | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-----------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>Opening balance at the beginning of the year</b> | -                      | 4.26                   | -                     |
| Additions during the year                           | -                      | 111.25                 | 150.62                |
| Less: Capitalised during the year                   | -                      | 115.51                 | 146.36                |
| <b>Balance as at year end</b>                       | -                      | -                      | 4.26                  |

(All amounts in ₹ lacs, unless otherwise stated)

**4 INVESTMENTS**

|                                                                                                                        | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(a) Non-current investments</b>                                                                                     |                        |                        |                       |
| <b>I Investments in debentures [refer (i) for details]</b>                                                             |                        |                        |                       |
| Quoted, non-trade<br>(Designated at Fair Value Through Other Comprehensive Income)                                     |                        |                        |                       |
| (i) Srei Infrastructure Finance Limited (10.20% NCD)<br>(50 units having face value of ₹ 1,000,000 each fully paid-up) | 499.91                 | 499.44                 | 498.80                |
| (ii) Edelweiss Retail Finance Limited (8.75% NCD)<br>(25,000 units having face value of ₹ 1,000 each fully paid-up)    | 250.54                 | -                      | -                     |
| (iii) State Bank of India (8.15% AT1 Bond Issue Series IV)<br>(20 units having face value of ₹ 1,000,000 each)         | 203.88                 | -                      | -                     |
| (iv) Axis Bank Limited (8.75% Additional Tier 1 Bonds Series 26)<br>(20 units having face value of ₹ 1,000,000 each)   | 200.32                 | -                      | -                     |
| (v) HDFC Bank Limited (8.85% Perpetual Bonds Series 1/2017-18)<br>(20 units having face value of ₹ 1,000,000 each)     | 217.69                 | -                      | -                     |
| <b>Total non-current investments</b>                                                                                   | <b>1,372.34</b>        | 499.44                 | 498.80                |
| <b>Other disclosures for non-current investments:</b>                                                                  |                        |                        |                       |
| Aggregate amount of quoted investments and market value thereof                                                        | 1,372.34               | 499.44                 | 498.80                |
| Aggregate amount of unquoted investments                                                                               | -                      | -                      | -                     |
| Aggregate amount of impairment in value of investments                                                                 | -                      | -                      | -                     |
| <b>(b) Current investments</b>                                                                                         |                        |                        |                       |
| <b>Investments in mutual funds:</b>                                                                                    |                        |                        |                       |
| Quoted (Measured at Fair Value Through Profit and Loss)                                                                |                        |                        |                       |
| Mutual funds (refer (i) below for details)                                                                             | 5,816.42               | 6,700.50               | 5,449.20              |
| <b>Total current investments</b>                                                                                       | <b>5,816.42</b>        | 6,700.50               | 5,449.20              |
| <b>Other disclosures for non-current investments:</b>                                                                  |                        |                        |                       |
| Aggregate amount of quoted investments, and                                                                            | 5,816.42               | 6,700.50               | 5,449.20              |
| Aggregate amount of impairment in value of investments                                                                 | -                      | -                      | -                     |

(All amounts in ₹ lacs, unless otherwise stated)

#### 4 INVESTMENTS (Contd...)

| Particulars                                           | Units     | Amount          |
|-------------------------------------------------------|-----------|-----------------|
| <b>(i) Investments in Mutual Funds</b>                |           |                 |
| <b>(a) Balance as at 31 March 2018:</b>               |           |                 |
| Birla Sun Life Corporate Bond Fund (Growth)           | 4,371,903 | 565.75          |
| HDFC Regular Saving (Growth)                          | 2,162,253 | 744.55          |
| HDFC Corporate Debt Opportunities Fund (Growth)       | 1,533,588 | 229.02          |
| HDFC Cash Management Fund Savings Plan (Growth)       | 2,959     | 107.24          |
| ICICI Prudential Corporate Bond Fund (Growth)         | 1,975,881 | 534.35          |
| ICICI Prudential Regular Saving Fund (Growth)         | 805,545   | 149.63          |
| ICICI Prudential Regular Saving Fund (Growth)         | 1,163,357 | 226.56          |
| IDFC Super Saver Income Fund Investment Plan (Growth) | 848,263   | 350.14          |
| L&T Resurgent India Corporate Bond Fund (Growth)      | 7,391,564 | 960.87          |
| Reliance Corporate Bond Fund (Dividend)               | 8,987,119 | 961.50          |
| Reliance Dynamic Bond Fund (Dividend)                 | 4,001,953 | 415.06          |
| Franklin India Low Duration Fund (Dividend)           | 358,850   | 72.83           |
| Franklin India Short Term Income Plan (Growth)        | 12,668    | 484.31          |
| UTI Income Opportunity Fund Direct Plan (Growth)      | 86,536    | 14.61           |
|                                                       |           | <b>5,816.42</b> |
| <b>(b) Balance as at 31 March 2017:</b>               |           |                 |
| Birla Sunlife Corporate Bond Fund (Growth)            | 3,349,803 | 400.78          |
| Birla Sunlife Short-term Opportunities Fund (Growth)  | 1,846,061 | 500.90          |
| DSP Blackrock Income Opportunities Fund (Dividend)    | 6,160,441 | 688.66          |
| HDFC Short Term Plan - Regular Plan (Growth)          | 2,162,630 | 700.90          |
| ICICI Prudential Corporate Bond Fund (Growth)         | 1,975,894 | 501.25          |
| IDFC Super Saver Income Fund Investment Plan (Growth) | 990,783   | 400.66          |
| Kotak Medium Term Fund (Growth)                       | 2,907,993 | 393.68          |
| L & T Income Opportunities Fund (Dividend)            | 3,354,783 | 369.52          |
| L & T Resurgent India Corporate Bond Fund (Growth)    | 7,391,590 | 905.45          |
| Reliance Corporate Bond Fund (Growth)                 | 6,865,041 | 903.84          |
| Reliance Dynamic Bond Fund (Growth)                   | 1,791,248 | 400.53          |
| Reliance Regular Savings Fund (Dividend)              | 1,626,672 | 214.13          |
| Kotak Low Duration Fund (Growth)                      | 16,151    | 320.20          |
|                                                       |           | <b>6,700.50</b> |
| <b>(c) Balance as at 01 April 2016:</b>               |           |                 |
| DSP BlackRock Income Opportunity Funds (Growth)       | 6,243,642 | 1,528.24        |
| Kotak Low Duration Funds (Growth)                     | 61,664    | 1,123.26        |
| L&T Income Opportunities Fund (Growth)                | 6,491,263 | 1,099.33        |
| Reliance Regular Saving Fund - Debt Plan (Growth)     | 8,224,215 | 1,698.37        |
|                                                       |           | <b>5,449.20</b> |

(All amounts in ₹ lacs, unless otherwise stated)

**5 LOANS**

|                                                | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(a) Non-current:</b>                        |                        |                        |                       |
| <b>(Unsecured, considered good)</b>            |                        |                        |                       |
| Security deposits                              | 10.50                  | 11.26                  | 10.67                 |
|                                                | 10.50                  | 11.26                  | 10.67                 |
| <b>(b) Current:</b>                            |                        |                        |                       |
| <b>(Unsecured, considered good)</b>            |                        |                        |                       |
| Loan to body corporates [refer note (i) below] | -                      | 169.93                 | 276.52                |
| Loan to employees                              | 0.59                   | 2.27                   | 16.37                 |
| Security deposits                              | 9.91                   | 7.45                   | -                     |
|                                                | 10.50                  | 179.65                 | 292.89                |

**(i) Loans to body corporate**

The Parent company had given an unsecured loan to a body corporate amounting to Nil (31 March 2017 - ₹ 157 lacs; 1 April 2016 - ₹ 200.20 lacs). Interest accrued on the same amount to Nil (31 March 2017 - ₹ 12.93 lacs; 1 April 2016 - ₹ 6.80 lacs).

**6 OTHER FINANCIAL ASSETS**

|                                                          | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|----------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>Current</b>                                           |                        |                        |                       |
| <b>(Unsecured, considered good)</b>                      |                        |                        |                       |
| Restricted cash [refer note (i) below]                   | 65.17                  | 129.90                 | 134.14                |
| Interest receivable on fixed deposits                    | 3.32                   | 1.90                   | 0.43                  |
| Other receivables                                        | 0.01                   | 8.80                   | 1.22                  |
| Advance against financial assets [Refer note (ii) below] | 50.00                  | -                      | -                     |
|                                                          | 118.50                 | 140.60                 | 135.79                |

**Note:**

- (i) As of 31 March 2018, an amount of ₹ 65.17 lacs was restricted from withdrawal, held as guarantee against commercial card services provided.
- (ii) The Company has given as advance of ₹ 50 Lacs towards investment in Mutual Fund which has been allotted after 31 March 2018 and hence disclosed under other financial assets

(All amounts in ₹ lacs, unless otherwise stated)

## 7 OTHER ASSETS

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(a) Non-current<br/>(Unsecured, considered good)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                  |                        |                        |                       |
| Balances with Government Authorities (Refer note below)                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>481.95</b>          | 391.94                 | 414.45                |
| Prepaid expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>8.09</b>            | 8.78                   | 9.46                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>490.04</b>          | 400.72                 | 423.91                |
| <b>Note :</b> Balances with Government Authorities primarily include amounts realisable from goods and services tax and transitional credit carried forward under the goods and services tax regime. These are expected to be realised in the future by off-setting the same against the output services tax liability on services rendered by the group and also by claiming refund from government authorities. Accordingly these balances have been classified as non current assets. |                        |                        |                       |
| <b>(b) Current<br/>(Unsecured, considered good)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                      |                        |                        |                       |
| Advance to suppliers                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>21.20</b>           | 58.38                  | 1,533.50              |
| Prepaid expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>37.48</b>           | 36.49                  | 50.51                 |
| Receivable from government authorities                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>68.85</b>           | 0.69                   | 2.34                  |
| Other advances                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>18.47</b>           | 20.08                  | 572.27                |
| Other accrued interest                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>4.64</b>            | -                      | -                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>150.64</b>          | 115.64                 | 2,158.62              |

## 8 INVENTORIES (valued at lower of cost and net realisable value)

|                             | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-----------------------------|------------------------|------------------------|-----------------------|
| Stock-in-trade              | <b>5,942.57</b>        | 2,870.98               | 5,514.03              |
| Stock-in-trade (In transit) | <b>6,447.37</b>        | 1,254.06               | 15.79                 |
|                             | <b>12,389.94</b>       | 4,125.04               | 5,529.82              |

## 9 TRADE RECEIVABLES

|                          | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|--------------------------|------------------------|------------------------|-----------------------|
| Secured, considered good | <b>1,230.29</b>        | 949.54                 | 900.91                |
|                          | <b>1,230.29</b>        | 949.54                 | 900.91                |

(All amounts in ₹ lacs, unless otherwise stated)

**10 CASH AND BANK BALANCES**

|                                                        | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|--------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(a) Cash and cash equivalents</b>                   |                        |                        |                       |
| Cash on hand                                           | 0.41                   | 0.25                   | 0.58                  |
| Balances with banks                                    |                        |                        |                       |
| - In current account                                   | 2,078.40               | 1,782.33               | 1,478.16              |
| - Cheques in hand                                      | 50.00                  | -                      | -                     |
|                                                        | 2,128.81               | 1,782.58               | 1,478.74              |
| <b>(b) Other bank balances</b>                         |                        |                        |                       |
| Unpaid dividend account [refer note (i) & (iii) below] | 6.29                   | 5.71                   | 4.54                  |
| Balances with payment gateways                         | 127.08                 | 102.37                 | 57.34                 |
| Employees deposit account                              | 1.82                   | 1.82                   | 32.45                 |
| Commitment deposits                                    | 24.16                  | 23.09                  | -                     |
| Fixed deposits (refer note (ii) below)                 | 50.00                  | 20.00                  | 20.00                 |
|                                                        | 209.35                 | 152.99                 | 114.33                |

**Notes:**

- (i) The Group can utilise these balances only towards settlement of unclaimed dividends.
- (ii) The Group has deposited ₹30 Lacs against fixed deposit with HDFC Bank for bank guarantee issued in favour of Santosh Promoters Pvt. Limited as per the order of Supreme Court dated 01 May 2017. Also an amount of ₹20 Lacs is pledged with Bank against credit card for Subsidiary Company..
- (iii) The Parent Company has transferred an amount of ₹0.90 lacs of unpaid dividend to the Investor Education and Protection fund for the financial year 2009-10.

**11 EQUITY SHARE CAPITAL**

|                                             | As at 31 March 2018 |          | As at 31 March 2017 |          | As at 1 April 2016 |          |
|---------------------------------------------|---------------------|----------|---------------------|----------|--------------------|----------|
|                                             | Number              | Amount   | Number              | Amount   | Number             | Amount   |
| <b>Authorized share capital</b>             |                     |          |                     |          |                    |          |
| Equity shares of ₹ 10 each                  | 252.50              | 2,525.00 | 252.50              | 2,525.00 | 252.50             | 2,525.00 |
| <b>Issued, subscribed and fully paid up</b> |                     |          |                     |          |                    |          |
| Equity shares of ₹ 10 each                  | 147.32              | 1,473.17 | 147.32              | 1,473.17 | 147.32             | 1,473.17 |
|                                             | 147.32              | 1,473.17 | 147.32              | 1,473.17 | 147.32             | 1,473.17 |

**(a) Reconciliation of equity share capital**

There is no movement in the equity share capital during the current and comparative periods.

**(b) Terms and rights attached to equity shares**

The Parent Company has only one class of equity shares having a par value of ₹ 10 per share. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts if any. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

(All amounts in ₹ lacs, unless otherwise stated)

- (c) No additional shares were allotted as fully paid up by way of bonus shares or pursuant to contract without payment being received in cash during the last five years. Further, none of the shares were bought back by the Parent Company during the last five years.

(d) **Details of shareholders holding more than 5% of the aggregate shares in the Parent Company:**

| Name of the shareholders                        | As at 31 March 2018 |            | As at 31 March 2017 |            | As at 1 April 2016 |            |
|-------------------------------------------------|---------------------|------------|---------------------|------------|--------------------|------------|
|                                                 | Number              | Percentage | Number              | Percentage | Number             | Percentage |
| <b>Fully paid-up equity shares of ₹ 10 each</b> |                     |            |                     |            |                    |            |
| Arvind Kajaria                                  | 28.00               | 19%        | 28.00               | 19%        | 28.00              | 19%        |
| Sharad Kajaria                                  | 28.00               | 19%        | 28.00               | 19%        | 28.00              | 19%        |
| Intel Capital (Mauritius) Limited               | -                   | -          | -                   | -          | 15.35              | 10%        |
| Padma Kajaria                                   | 14.00               | 10%        | 14.00               | 10%        | 14.00              | 10%        |

- (e) The Board of Directors at its meeting held on 28 May 2018 proposed a dividend of ₹ 2 per equity share (31 March 2017: ₹ 2 per equity share) amounting to ₹ 355.20 lacs (31 March 2017: ₹ 354.61 lacs) including dividend distribution tax of ₹ 60.57 lacs (31 March 2017: ₹ 59.98 lacs). The proposed dividend by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

## 12 OTHER EQUITY

|                                                                      | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|----------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| Capital reserve                                                      | 96.14                  | 96.14                  | 96.14                 |
| General reserve                                                      | 169.15                 | 169.15                 | 169.15                |
| Securities premium                                                   | 5,527.11               | 5,527.11               | 5,527.11              |
| Foreign exchange translation difference                              | 91.80                  | 66.84                  | 130.80                |
| Retained earnings                                                    | 6,815.33               | 5,796.79               | 4,823.12              |
| <b>Items of other comprehensive income:</b>                          |                        |                        |                       |
| - Remeasurements of post-employment benefit obligations (Net of tax) | 15.77                  | 4.99                   | -                     |
| - Net gain in debt instruments through Other Comprehensive Income    | (2.77)                 | 0.31                   | -                     |
|                                                                      | 12,712.53              | 11,661.33              | 10,746.32             |

(a) **Nature and purpose of reserves**

**Capital reserve**

The Parent Company has transferred the net surplus arising from amalgamation in accordance with the terms of Scheme of amalgamation.

**General reserve**

The Group has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

**Securities premium**

The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve.

(All amounts in ₹ lacs, unless otherwise stated)

### Foreign exchange translation difference

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. ₹) are recognised directly in the other comprehensive income and accumulated in foreign currency translation reserve. Exchange difference previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

### Debt instruments through Other Comprehensive Income:

The debt instruments are measured at fair value and the change is recognised through Other Comprehensive Income. Upon derecognition, the cumulative fair value changes on the said instruments are reclassified to the Statement of Profit and Loss.

## 13 BORROWINGS

|                                                                     | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(a) Non-current</b>                                              |                        |                        |                       |
| Secured                                                             |                        |                        |                       |
| <b>Term loans</b>                                                   |                        |                        |                       |
| Foreign currency loan from Bank [refer note (c)(i) below]           | 3,258.50               | 1,621.25               | 3,312.50              |
| Foreign currency loan from Others [refer note (c)(i) below]         | 4,688.27               | -                      | -                     |
|                                                                     | 7,946.77               | 1,621.25               | 3,312.50              |
| <b>(b) Current</b>                                                  |                        |                        |                       |
| Secured                                                             |                        |                        |                       |
| <b>Term loans</b>                                                   |                        |                        |                       |
| From Bank [refer note (c)(ii) below]                                | -                      | -                      | 349.19                |
| Less: Current maturities of long-term borrowings [refer note 15(b)] | -                      | -                      | 19.19                 |
|                                                                     | -                      | -                      | 330.00                |

### (c) Nature of security and terms of repayment for secured borrowings availed from banks

#### (i) Foreign currency loan

The foreign currency loan is in the nature of a senior secured committed revolving line of credit, obtained from Citi bank N.A., with a limit of USD 5 million. The credit facility has been obtained at an interest rate of LIBOR plus 1.25% (LIBOR index being one month, floating daily) and has a maturity of twelve months from the closing date renewable annually. The credit facility is supported by a stand-by Letter of Credit Facility (SBLC), of ₹ 3,200 lacs issued by Citi Bank, N.A., India branch. The credit facility has been availed for meeting short-term working capital needs.

The short-term credit facility in the form of revolving line of credit availed from Citi Bank, N.A., having maturity of 12 months from the closure date, has been refinanced by a long-term debt obligation from UPS Capital Corporation. The Company obtained a revolving line of credit from UPS Capital Corporation, with a limit of US\$ 8,000,000. The credit facility has been obtained at an agreed upon interest rate of Base Rate plus 1.25%, with the base rate linked to US prime rate as shown in The Wall Street Journal in US and has a maturity of three years from the closing date. The credit facility is supported by a lien on inventories and accounts receivables. The same has been classified as long-term debt.

#### (ii) Term loan from Barclays Bank PLC

The Parent Company obtained a term loan from Barclays Bank PLC amounting to Nil (31 March 2017: Nil; 1 April 2016: ₹ 330 lacs) which was repaid on 2 January 2017 along with interest. It carried an interest rate of 9.95% p.a. The above loan was secured by way of pledge of investments in debentures of the Company.

(All amounts in ₹ lacs, unless otherwise stated)

**14 TRADE PAYABLES**

|                                                                   | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| Due to Micro, small and medium enterprises [Refer note (i) below] | -                      | -                      | -                     |
| Dues to others                                                    | 3,504.42               | 1,743.62               | 3,243.20              |
|                                                                   | 3,504.42               | 1,743.62               | 3,243.20              |

**Notes**

- (i) Based on the intimation received from supplier regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the required disclosure is given below:

| Particulars                                                             | As at<br>31 March 2018 | As at<br>31 March 2017 |
|-------------------------------------------------------------------------|------------------------|------------------------|
| Principal amount due outstanding                                        | -                      | -                      |
| Interest due on (1) above and unpaid                                    | -                      | -                      |
| Interest paid to the supplier                                           | -                      | -                      |
| Payments made to the supplier beyond the appointed day during the year. | -                      | -                      |
| Interest due and payable for the period of delay                        | -                      | -                      |
| Interest accrued and remaining unpaid                                   | -                      | -                      |
| Amount of further interest remaining due and payable in succeeding year | -                      | -                      |

**15 OTHER FINANCIAL LIABILITIES**

|                                                              | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|--------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(a) Non-current</b>                                       |                        |                        |                       |
| Employee deposit                                             | 20.08                  | 23.09                  | 30.81                 |
|                                                              | 20.08                  | 23.09                  | 30.81                 |
| <b>(b) Current</b>                                           | -                      | -                      | -                     |
| Current maturities of non-current borrowings (refer note 13) | -                      | -                      | 19.19                 |
| Interest accrued but not due on borrowings                   | -                      | -                      | 2.79                  |
| Accrued expenses                                             | 845.70                 | 881.22                 | 667.33                |
| Capital creditors                                            | -                      | 13.90                  | 3.75                  |
| Dues to employees                                            | 174.38                 | 241.21                 | 265.49                |
| Unpaid dividend (refer note below)                           | 6.29                   | 5.70                   | 4.54                  |
| Deposit from employees                                       | 1.82                   | 1.82                   | 32.45                 |
|                                                              | 1,028.19               | 1,143.85               | 995.54                |

Note: Not due for transfer to Investor Education and Protection Fund.

(All amounts in ₹ lacs, unless otherwise stated)

**16 OTHER LIABILITIES**

|                                                                    | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|--------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(a) Non-current</b>                                             |                        |                        |                       |
| Deferred revenue income recognised for government grant received   | 105.49                 | -                      | -                     |
|                                                                    | 105.49                 | -                      | -                     |
| <b>(b) Current</b>                                                 |                        |                        |                       |
| <b>Advances</b>                                                    |                        |                        |                       |
| - Advance from customers                                           | 8.56                   | 28.52                  | 37.10                 |
| - Unearned revenues                                                | 234.74                 | 279.67                 | 135.59                |
| <b>Others</b>                                                      |                        |                        |                       |
| - Statutory dues                                                   | 65.82                  | 113.91                 | 200.75                |
| - Other liabilities                                                | 41.12                  | 109.88                 | 12.01                 |
| - Deferred revenue income recognised for government grant received | 2.00                   | -                      | -                     |
|                                                                    | 352.24                 | 531.98                 | 385.45                |

**17 PROVISIONS**

|                                                         | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(a) Non-current</b>                                  |                        |                        |                       |
| <b>Provision for employee benefits:</b>                 |                        |                        |                       |
| - Provision for gratuity [refer note 2 (l)]             | 84.11                  | 66.21                  | 42.08                 |
| - Provision for compensated absences [refer note 2 (l)] | 23.72                  | 27.79                  | 22.89                 |
|                                                         | 107.83                 | 94.00                  | 64.97                 |
| <b>(b) Current</b>                                      |                        |                        |                       |
| <b>Provision for employee benefits:</b>                 |                        |                        |                       |
| - Provision for gratuity [refer note 2 (l)]             | 2.20                   | 1.55                   | 1.11                  |
| - Provision for compensated absences [refer note 2 (l)] | 1.56                   | 1.80                   | 1.64                  |
|                                                         | 3.76                   | 3.35                   | 2.75                  |

**18 REVENUE FROM OPERATIONS**

|           | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-----------|-----------------------------|-----------------------------|
| Net sales | 116,986.78                  | 93,901.06                   |
|           | 116,986.78                  | 93,901.06                   |

(All amounts in ₹ lacs, unless otherwise stated)

**19 OTHER INCOME**

|                                                                      | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|----------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>Interest income:</b>                                              |                             |                             |
| - Financial assets carried at amortised cost                         | 15.14                       | 20.55                       |
| - Investments in debt instruments measured at FVOCI                  | 57.80                       | 51.00                       |
| - on security deposits                                               | 0.37                        | 0.33                        |
| - others                                                             | 8.27                        | 14.44                       |
| <b>Dividend income:</b>                                              |                             |                             |
| - Dividends from mutual fund investments measured at FVTPL           | 6.39                        | 62.49                       |
| <b>Other gains and losses:</b>                                       |                             |                             |
| - Net gain on sale of investments measured at FVTPL                  | 397.27                      | 559.66                      |
| - Net loss arising on remeasurement of investments measured at FVTPL | (14.45)                     | (71.05)                     |
| - Net foreign exchange gain (other than considered as finance cost)  | -                           | 13.83                       |
| - Net gain on sale of property, plant and equipments                 | 3.40                        | -                           |
| - Other miscellaneous income                                         | 36.69                       | 23.29                       |
|                                                                      | <b>510.88</b>               | <b>674.54</b>               |

**20 COST OF GOODS SOLD**

|                    | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|--------------------|-----------------------------|-----------------------------|
| Cost of goods sold | 79,145.31                   | 60,274.63                   |
|                    | <b>79,145.31</b>            | <b>60,274.63</b>            |

**21 SHIPPING AND HANDLING EXPENSES**

|                                | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|--------------------------------|-----------------------------|-----------------------------|
| Shipping and handling expenses | 17,528.31                   | 14,472.99                   |
|                                | <b>17,528.31</b>            | <b>14,472.99</b>            |

**22 SALES AND MARKETING EXPENSES**

|                                          | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|------------------------------------------|-----------------------------|-----------------------------|
| Marketplace, marketing and referral fees | 14,832.81                   | 13,187.82                   |
| Advertisement expenses                   | 119.98                      | 385.41                      |
|                                          | <b>14,952.79</b>            | <b>13,573.23</b>            |

(All amounts in ₹ lacs, unless otherwise stated)

**23 EMPLOYEE BENEFITS EXPENSE**

|                                                                  | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|------------------------------------------------------------------|-----------------------------|-----------------------------|
| Salaries, allowances and other benefits                          | 1,974.47                    | 2,279.95                    |
| Contribution to provident and other funds [refer note (a) below] | 25.45                       | 27.29                       |
| Staff welfare expenses                                           | 39.14                       | 34.01                       |
|                                                                  | <b>2,039.06</b>             | <b>2,341.25</b>             |

**(a) Defined contribution plans**

Eligible employees of the Parent and Indian subsidiaries receive benefits under the provident fund which is a defined contribution plan wherein both the employee and the Group make monthly contributions equal to a specific percentage of covered employees' salary. These contributions are made to the fund administered and managed by the Government of India and the Group has no further obligation beyond making its contribution. The Group's monthly contributions are charged to consolidated Statement of Profit and Loss in the period in which they are incurred;

**(b) Defined benefits plan**

Gratuity is a post employment benefit and is a defined benefit plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972 ('the Act'). The liability recognised in the balance sheet represents the present value of the defined benefit obligation at the balance sheet date, together with adjustment for unrecognised actuarial gains or losses and past service cost. Independent actuaries calculate the defined benefit obligation annually using the Projected Unit Credit Method. Actuarial gains and losses are credited/ charged to the Statement of Other Comprehensive Income in the year in which such gains or losses arise.

|                                                                                      | Gratuity                    |                             |
|--------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
|                                                                                      | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
| <b>(i) Defined benefits obligations recognised:</b>                                  |                             |                             |
| <b>Present value of obligation:</b>                                                  |                             |                             |
| - Current                                                                            | 2.20                        | 1.56                        |
| - Non-current                                                                        | 84.11                       | 66.21                       |
|                                                                                      | <b>86.31</b>                | <b>67.77</b>                |
| <b>(ii) Movement in the present value of defined benefit obligations:</b>            |                             |                             |
| Balance at the beginning of the year                                                 | 67.76                       | 43.19                       |
| Current service cost                                                                 | 24.40                       | 28.30                       |
| Past service cost                                                                    | 11.36                       | -                           |
| Interest cost                                                                        | 5.00                        | 3.40                        |
| Actuarial (gain)/loss arising from assumption changes                                | (3.48)                      | 4.17                        |
| Actuarial (gain)/loss arising from experience adjustments                            | (11.03)                     | (11.29)                     |
| Benefits paid                                                                        | (7.70)                      | -                           |
| <b>Obligations at the end of the year</b>                                            | <b>86.31</b>                | <b>67.77</b>                |
| <b>(iii) Components of the net cost charged to the statement of profit and loss:</b> |                             |                             |
| Current service cost                                                                 | 24.40                       | 28.30                       |
| Past service cost                                                                    | 11.36                       | -                           |
| Interest cost                                                                        | 5.00                        | 3.40                        |
|                                                                                      | <b>40.76</b>                | <b>31.70</b>                |

(All amounts in ₹ lacs, unless otherwise stated)

|                                                                                                       | Gratuity                    |                             |
|-------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
|                                                                                                       | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
| <b>(iv) Remeasurement of the net defined benefit plans to be taken to Other Comprehensive Income:</b> |                             |                             |
| Actuarial (gain)/loss arising from assumption changes                                                 | <b>(3.48)</b>               | 4.17                        |
| Actuarial (gain)/loss arising from experience adjustments                                             | <b>(11.03)</b>              | (11.29)                     |
|                                                                                                       | <b>(14.51)</b>              | (7.12)                      |

**(v) Assumptions**

|                                                               | Compensated absences        |                             | Gratuity                    |                             |
|---------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                                               | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
| Discount rate (refer note below)                              | <b>7.70%</b>                | 7.40%                       | <b>7.70%</b>                | 7.40%                       |
| Salary escalation rate                                        | <b>5.00%</b>                | 5.00%                       | <b>5.00%</b>                | 5.00%                       |
| Withdrawal rate per annum                                     | <b>2.00%</b>                | 2.00%                       | <b>2.00%</b>                | 2.00%                       |
| Expected average remaining working lives of employees (years) | <b>22.46</b>                | 25.28                       | <b>22.46</b>                | 25.28                       |
| Mortality rate                                                | <b>IALM 06-08 Ultimate</b>  | IALM 06-08 Ultimate         | <b>IALM 06-08 Ultimate</b>  | IALM 06-08 Ultimate         |
| Retirement age                                                | <b>58 years</b>             | 58 years                    | <b>58 years</b>             | 58 years                    |

Note: The assumption of discount rate is based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities. Future salary increase rate takes into account the inflation, seniority, promotion and other relevant factors on long term basis.

**(vi) Sensitivity analysis**

|                                         | Compensated absences        |                             | Gratuity                    |                             |
|-----------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                         | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
| Discount rate - Decrease by 1%          | <b>27.68</b>                | 32.47                       | <b>96.27</b>                | 76.22                       |
| Discount rate - Increase by 1%          | <b>23.21</b>                | 27.09                       | <b>77.77</b>                | 60.60                       |
| Salary escalation rate - Decrease by 1% | <b>23.05</b>                | 26.93                       | <b>78.75</b>                | 61.76                       |
| Salary escalation rate - Increase by 1% | <b>27.84</b>                | 32.63                       | <b>94.52</b>                | 74.29                       |

**Methods and assumptions used in preparing sensitivity analysis and their limitations:**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality.

(All amounts in ₹ lacs, unless otherwise stated)

**(vii) Maturity analysis of the benefit payments:**

Weighted average duration of gratuity plan is 13 years however the duration for Compensated absences plan is 11 years. Expected benefits payments for each such plans over the years is given in table below:

|                    | Compensated absences        |                             | Gratuity                    |                             |
|--------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                    | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
| Year 1             | 1.57                        | 1.80                        | 2.20                        | 1.55                        |
| 2 to 5 years       | 6.13                        | 6.96                        | 14.12                       | 9.60                        |
| 6 to 10 years      | 8.28                        | 8.56                        | 41.46                       | 24.87                       |
| More than 10 years | 30.42                       | 35.34                       | 143.15                      | 132.47                      |

**(c) Aforesaid post-employment benefit plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.**

|                 |                                                                                                                                                                                                                                                                                  |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investment risk | The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.                                                                                 |
| Interest risk   | A decrease in the bond interest rate will increase the plan liability;                                                                                                                                                                                                           |
| Longevity risk  | The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk     | The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.                                                           |

**24 FINANCE COST**

|                                                              | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|--------------------------------------------------------------|-----------------------------|-----------------------------|
| Interest on financial liabilities carried at amortised costs | 223.78                      | 215.91                      |
| Other borrowing costs                                        | 40.55                       | 139.62                      |
|                                                              | 264.33                      | 355.53                      |

**25 DEPRECIATION AND AMORTIZATION EXPENSES**

|                                                     | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-----------------------------------------------------|-----------------------------|-----------------------------|
| Depreciation on tangible assets [refer note 3 (a)]  | 181.26                      | 171.70                      |
| Amortisation of intangible assets[refer note 3 (b)] | 14.31                       | 15.74                       |
|                                                     | 195.57                      | 187.44                      |

(All amounts in ₹ lacs, unless otherwise stated)

**26 OTHER EXPENSES**

|                                                                   | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-------------------------------------------------------------------|-----------------------------|-----------------------------|
| Electricity charges                                               | 52.18                       | 48.54                       |
| Rent (refer note 30)                                              | 114.67                      | 114.67                      |
| Repairs and maintenance                                           |                             |                             |
| - Buildings                                                       | 14.30                       | 14.30                       |
| - Plant and machinery                                             | 1.19                        | 0.74                        |
| - Others                                                          | 55.86                       | 48.93                       |
| Insurance                                                         | 8.33                        | 7.65                        |
| Rates and taxes                                                   | 20.56                       | 17.31                       |
| Travelling expenses                                               | 159.93                      | 254.56                      |
| Office expenses                                                   | 70.47                       | 73.24                       |
| Legal and professional charges                                    | 234.54                      | 208.41                      |
| Technology expenses                                               | 474.44                      | 476.26                      |
| Auditor's remuneration [refer note (a) below]                     | 45.63                       | 51.58                       |
| Director's sitting fees                                           | 9.80                        | 8.40                        |
| Telephone and other communication expenses                        | 31.58                       | 37.63                       |
| Loss on sale of property, plant and equipment, net                | -                           | 6.21                        |
| Net foreign exchange loss (other than considered as finance cost) | 6.91                        | -                           |
| Miscellaneous expenses                                            | 117.44                      | 123.19                      |
|                                                                   | <b>1,417.83</b>             | <b>1,491.62</b>             |

**(a) Auditor's remuneration (excluding taxes)**

|                           | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|---------------------------|-----------------------------|-----------------------------|
| Statutory audit           | 36.25                       | 42.15                       |
| Tax audit                 | 2.13                        | 2.59                        |
| Other services            | 6.10                        | 6.84                        |
| Reimbursement of expenses | 1.15                        | -                           |
|                           | <b>45.63</b>                | <b>51.58</b>                |

**27 TAX EXPENSES**

|                                                                         | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>(a) Income tax in the Consolidated Statement of Profit and Loss:</b> |                             |                             |
| Current tax                                                             | 650.74                      | 604.11                      |
| Deferred tax:                                                           |                             |                             |
| - Deferred tax charge / (credit)                                        | (35.25)                     | (6.53)                      |
| - MAT credit entitlement                                                | (27.19)                     | (83.18)                     |
| Tax pertaining to previous years                                        | (6.99)                      | 36.23                       |
|                                                                         | <b>581.31</b>               | <b>550.63</b>               |

(All amounts in ₹ lacs, unless otherwise stated)

|                                                                                         | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-----------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>(b) Income tax recognised in other comprehensive income comprises:</b>               |                             |                             |
| Deferred tax on remeasurement of post-employment benefit obligations                    | (3.73)                      | (2.13)                      |
| Deferred tax on fair value gains on investments in debt instruments through OCI         | 1.17                        | (0.12)                      |
|                                                                                         | (2.56)                      | (2.25)                      |
| <b>(c) Reconciliation of income tax expense and the accounting profit for the year:</b> |                             |                             |
| Profit before tax                                                                       | 1,954.46                    | 1,878.91                    |
| Enacted tax rates (%)                                                                   | 27.55%                      | 33.06%                      |
| Computed expected tax expense                                                           | 538.50                      | 621.22                      |
| Due to change in enacted tax rate                                                       | 53.55                       | 20.20                       |
| Effect due to non-deductible expenses                                                   | (52.93)                     | (35.38)                     |
| Change in adjustment of deferred tax assets                                             | 29.00                       | 18.45                       |
| Effect due to non-taxable income for Indian Tax purpose                                 | 27.78                       | 6.16                        |
| Effect due to adjustment of unabsorbed losses                                           | (12.72)                     | (114.57)                    |
| Effect of tax on account of Ind AS adjustments                                          | (2.13)                      | (2.41)                      |
| Adjustment for tax relating to earlier years                                            | -                           | 36.35                       |
| Others                                                                                  | 0.26                        | 0.61                        |
| <b>Total income tax expense as per the Consolidated Statement of Profit and Loss</b>    | <b>581.31</b>               | <b>550.63</b>               |

|                                                    | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|----------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(d) Income tax balances</b>                     |                        |                        |                       |
| <b>Non-current tax assets</b>                      |                        |                        |                       |
| Opening balance                                    | 36.27                  | 189.77                 | 129.28                |
| Add: Taxes paid                                    | 76.41                  | 113.81                 | 958.81                |
| Less: Current tax payable for the year             | (46.98)                | (111.61)               | (898.32)              |
| Less: Re-classification to current tax assets      | -                      | (155.70)               | -                     |
| <b>Closing balance</b>                             | <b>65.70</b>           | <b>36.27</b>           | <b>189.77</b>         |
| <b>Current tax assets</b>                          |                        |                        |                       |
| Opening balance                                    | 98.84                  | 102.84                 | 6.10                  |
| Add: Taxes paid                                    | 0.21                   | 9.92                   | 5.62                  |
| Less: Current tax payable for the year             | (0.10)                 | (12.24)                | (1.70)                |
| Less: Income tax refund received                   | (45.89)                | -                      | -                     |
| Add: Re-classification from non current tax assets | -                      | 4.53                   | -                     |
| <b>Closing balance</b>                             | <b>53.06</b>           | <b>105.05</b>          | <b>10.02</b>          |

(All amounts in ₹ lacs, unless otherwise stated)

|                                                                                                                             | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-----------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>Current tax liabilities</b>                                                                                              |                        |                        |                       |
| Opening balance                                                                                                             | 474.20                 | 66.99                  | 7.44                  |
| Add: Provision for tax                                                                                                      | 604.89                 | 475.20                 | 69.86                 |
| Less: Taxes paid                                                                                                            | (490.04)               | (70.32)                | (7.18)                |
| <b>Closing balance</b>                                                                                                      | <b>589.05</b>          | 471.87                 | 70.12                 |
| <b>Deferred taxes</b>                                                                                                       |                        |                        |                       |
| <b>(e) Deferred tax assets, net</b>                                                                                         |                        |                        |                       |
| Unutilised MAT Credit                                                                                                       | 1,738.65               | 1,711.46               | 1,628.28              |
|                                                                                                                             | <b>1,738.65</b>        | 1,711.46               | 1,628.28              |
| <b>(f) Deferred tax liabilities, net</b>                                                                                    |                        |                        |                       |
| <b>Deferred Tax asset arising on account of:</b>                                                                            |                        |                        |                       |
| - Expenses allowable on payment basis                                                                                       | 31.53                  | 32.41                  | 36.43                 |
| - Fair valuation of security deposits                                                                                       | 0.25                   | 0.19                   | 0.08                  |
| - Provision for employee benefits                                                                                           | 8.76                   | 10.64                  | 7.54                  |
| - Others                                                                                                                    | 4.31                   | 2.68                   | 0.60                  |
|                                                                                                                             | <b>44.85</b>           | 45.92                  | 44.65                 |
| <b>Deferred tax liabilities arising on account of:</b>                                                                      |                        |                        |                       |
| - Difference between written down value of property, plant and equipments as per books of accounts and Income Tax Act, 1961 | 140.36                 | 170.49                 | 151.04                |
| - Fair valuation on debt instruments through OCI                                                                            | (0.57)                 | 0.72                   | 0.61                  |
| - Fair valuation on mutual fund investments measured at FVTPL                                                               | 0.53                   | 5.43                   | 30.25                 |
|                                                                                                                             | <b>140.32</b>          | 176.64                 | 181.90                |
| <b>Deferred tax liabilities, net</b>                                                                                        | <b>95.47</b>           | 130.72                 | 137.25                |

**Note:** Deferred tax assets and liabilities have been offset wherever the Group has a legal enforceable right to set-off current tax assets against current tax liabilities and where the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

(All amounts in ₹ lacs, unless otherwise stated)

**g) Movement in deferred taxes****As on 31 March 2017**

| Particulars                                                                                                                 | As at<br>01 April<br>2016 | Statement<br>of Profit or<br>Loss | Other<br>Comprehensive<br>Income | As at<br>31 March<br>2017 |
|-----------------------------------------------------------------------------------------------------------------------------|---------------------------|-----------------------------------|----------------------------------|---------------------------|
| <b>Deferred tax assets for deductible temporary differences on:</b>                                                         |                           |                                   |                                  |                           |
| - Expenses allowable on payment basis                                                                                       | 36.43                     | (4.02)                            | -                                | 32.41                     |
| - Fair valuation of security deposits                                                                                       | 0.08                      | 0.11                              | -                                | 0.19                      |
| - Provision for employee benefits                                                                                           | 7.54                      | 3.10                              | -                                | 10.64                     |
| - Others                                                                                                                    | 0.60                      | 2.08                              | -                                | 2.68                      |
| <b>Total deferred tax assets</b>                                                                                            | <b>44.65</b>              | <b>1.27</b>                       | <b>-</b>                         | <b>45.92</b>              |
| <b>Deferred tax liability for deductible temporary differences on:</b>                                                      |                           |                                   |                                  |                           |
| - Difference between written down value of property, plant and equipments as per books of accounts and Income Tax Act, 1961 | 151.04                    | 19.45                             | -                                | 170.49                    |
| - Fair valuation on debt instruments through OCI                                                                            | 0.61                      | -                                 | 0.11                             | 0.72                      |
| - Fair valuation on mutual fund investments measured at FVTPL                                                               | 30.25                     | (24.82)                           | -                                | 5.43                      |
| <b>Total deferred tax liabilities</b>                                                                                       | <b>181.90</b>             | <b>(5.37)</b>                     | <b>0.11</b>                      | <b>176.64</b>             |
| <b>Deferred tax assets, net</b>                                                                                             |                           |                                   |                                  |                           |
| Unutilised MAT Credit                                                                                                       | 1,628.28                  | 83.18                             | -                                | 1,711.46                  |
|                                                                                                                             | 1,628.28                  | 83.18                             | -                                | 1,711.46                  |

**As on 31 March 2018**

| Particulars                                                                                                                 | As at<br>01 April<br>2017 | Statement<br>of Profit or<br>Loss | Other<br>Comprehensive<br>Income | As at<br>31 March<br>2018 |
|-----------------------------------------------------------------------------------------------------------------------------|---------------------------|-----------------------------------|----------------------------------|---------------------------|
| <b>Deferred tax assets for deductible temporary differences on:</b>                                                         |                           |                                   |                                  |                           |
| - Expenses allowable on payment basis                                                                                       | 32.41                     | (0.88)                            | -                                | 31.53                     |
| - Fair valuation of security deposits                                                                                       | 0.19                      | 0.06                              | -                                | 0.25                      |
| - Provision for employee benefits                                                                                           | 10.64                     | (1.88)                            | -                                | 8.76                      |
| - Others                                                                                                                    | 2.68                      | 1.63                              | -                                | 4.31                      |
| <b>Total deferred tax assets</b>                                                                                            | <b>45.92</b>              | <b>(1.07)</b>                     | <b>-</b>                         | <b>44.85</b>              |
| <b>Deferred tax liability for deductible temporary differences on:</b>                                                      |                           |                                   |                                  |                           |
| - Difference between written down value of property, plant and equipments as per books of accounts and Income Tax Act, 1961 | 170.49                    | (30.13)                           | -                                | 140.36                    |
| - Fair valuation on debt instruments through OCI                                                                            | 0.72                      | -                                 | (1.29)                           | (0.57)                    |
| - Fair valuation on mutual fund investments measured at FVTPL                                                               | 5.43                      | (4.90)                            | -                                | 0.53                      |
| <b>Total deferred tax liabilities</b>                                                                                       | <b>176.64</b>             | <b>(35.03)</b>                    | <b>(1.29)</b>                    | <b>140.32</b>             |
| <b>Deferred tax assets, net</b>                                                                                             |                           |                                   |                                  |                           |
| Unutilised MAT Credit                                                                                                       | 1,711.46                  | 27.19                             | -                                | 1,738.65                  |
|                                                                                                                             | 1,711.46                  | 27.19                             | -                                | 1,738.65                  |

(All amounts in ₹ lacs, unless otherwise stated)

## 28 EARNINGS PER EQUITY SHARE (EPS)

|                                                                      | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|----------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>Net profit attributable to equity shareholders</b>                |                             |                             |
| Net profit for the year                                              | <b>1,373.15</b>             | 1,328.28                    |
| Nominal value of equity share (₹)                                    | <b>10.00</b>                | 10.00                       |
| Weighted average number of equity shares outstanding during the year | <b>147.32</b>               | 147.32                      |
| Earnings per share (in ₹):                                           |                             |                             |
| - Basic earnings per share (₹)                                       | <b>9.32</b>                 | 9.02                        |
| - Diluted earnings per share (₹)                                     | <b>9.32</b>                 | 9.02                        |

## 29 CONTINGENT LIABILITIES AND COMMITMENTS

### (a) Contingent liabilities

|                                                                           | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| Guarantees given [refer note (i) & (ii) below]                            | <b>31.25</b>           | 1.25                   | 1.25                  |
| Claims against Company, not acknowledged as debt [refer note (iii) below] | <b>17.72</b>           | 47.72                  | 17.72                 |
|                                                                           | <b>48.97</b>           | 48.97                  | 18.97                 |

Notes:

- (i) Guarantee given to customs for bonded warehouse is ₹1.25 lacs.
- (ii) Guarantee issued in favour of Santosh Promoters Pvt. Limited amounting ₹ 30 lacs vide Supreme court order dated 01 May 2017.
- (iii) Claim from S.S. Interiors of ₹ 17.72 lacs for Service Tax & Hire Charges on facility agreement.

### (b) Commitments

|                                                                                                                  | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | -                      | -                      | 23.40                 |
|                                                                                                                  | -                      | -                      | <b>23.40</b>          |

**30** In accordance with Indian Accounting Standard 17 - Leases, the Group does not have any non - cancellable operating lease. Expenditure incurred on account of operating lease rentals during the year are recognized in the consolidated Statement of Profit and Loss amount to ₹114.67 lacs (31 March 2017 : ₹113.98 lacs).

**31** As per requirements of Ind AS 108, 'Segment Reporting', no disclosures are required to be made since the Group's activities consists of a single business segment (primary segment) of Internet based delivery of products and services.

### (a) Other information :

|                     | Year ended 31 March 2018 |                   |                   |
|---------------------|--------------------------|-------------------|-------------------|
|                     | Within India             | Outside India     | Total             |
| (i) Segment revenue | <b>17.65</b>             | <b>116,969.12</b> | <b>116,986.78</b> |

|                     | Year ended 31 March 2017 |               |           |
|---------------------|--------------------------|---------------|-----------|
|                     | Within India             | Outside India | Total     |
| (i) Segment revenue | 13.75                    | 93,887.31     | 93,901.06 |

(b) The Company has entered into transaction with a single customer, which amounts to 10% or more of the Company's total revenue from operations.

(All amounts in ₹ lacs, unless otherwise stated)

**32 RELATED PARTY DISCLOSURES**

Information on related party transactions as required by Ind AS - 24 for the year ended 31 March 2018.

**(a) List of related parties**

| Name of the related party | Relationship            |
|---------------------------|-------------------------|
| Arvind Kajaria            | Managing Director       |
| Sharad Kajaria            | Whole-time Director     |
| Padma Kajaria             | Relative of Director    |
| Mohit Kumar Jha           | Chief Financial Officer |
| Ashok Bhandari            | Director                |
| Rupinder Singh            | Director                |
| Savita Agarwal            | Director                |
| Anil Agrawal              | Director                |
| Pranvesh Tripathi         | Company Secretary       |

**(b) Transactions with related parties**

| Name of the party     | Nature of transaction        | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-----------------------|------------------------------|-----------------------------|-----------------------------|
| Mr. Arvind Kajaria    | Managerial remuneration      | 72.11                       | 72.11                       |
|                       | Dividend paid                | 56.00                       | 28.00                       |
| Mr. Sharad Kajaria    | Managerial remuneration      | 67.61                       | 67.61                       |
|                       | Dividend paid                | 56.00                       | 28.00                       |
| Mrs. Padma Kajaria    | Dividend paid                | 28.00                       | 14.00                       |
| Mr. Mohit Kumar Jha   | Remuneration                 | 35.01                       | 31.65                       |
|                       | Short term employee benefits | 0.06                        | 0.12                        |
|                       | Post employment benefits     | 1.24                        | 1.65                        |
| Mr. Pranvesh Tripathi | Remuneration                 | 24.31                       | 20.20                       |
|                       | Short term employee benefits | -                           | -                           |
|                       | Post employment benefits     | 0.33                        | 0.30                        |
| Mr. Rakesh Dhanuka    | Remuneration                 | -                           | 1.28                        |
| Mr. Anil Agrawal      | Sitting fees                 | 2.60                        | 2.80                        |
| Mrs. Savita Agarwal   | Sitting fees                 | 2.20                        | 2.20                        |
| Mr. Ashok Bhandari    | Sitting fees                 | 2.40                        | 0.20                        |
| Mr. Rupinder Singh    | Sitting fees                 | 2.60                        | 3.20                        |

**(c) Balances of related parties**

| Name of the party     | Nature of balances | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-----------------------|--------------------|-----------------------------|-----------------------------|
| Mr. Arvind Kajaria    | Payable            | 6.00                        | 6.00                        |
| Mr. Sharad Kajaria    | Payable            | 5.63                        | 5.63                        |
| Mr. Mohit Kumar Jha   | Payable            | 3.75                        | 3.35                        |
| Mr. Pranvesh Tripathi | Payable            | 2.64                        | 2.56                        |

(All amounts in ₹ lacs, unless otherwise stated)

### 33 FAIR VALUE MEASUREMENTS

#### (a) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2018 were as follows:

| Particulars                                              | Amortised cost | Financial assets/ liabilities at FVTPL | Financial assets/ liabilities at FVTOCI | Total carrying value | Total fair value |
|----------------------------------------------------------|----------------|----------------------------------------|-----------------------------------------|----------------------|------------------|
| <b>Assets:</b>                                           |                |                                        |                                         |                      |                  |
| Investments in non-convertible debentures (refer note 4) | -              | -                                      | 750.45                                  | 750.45               | 750.45           |
| Investments in perpetual bonds (refer note 4)            | -              | -                                      | 621.89                                  | 621.89               | 621.89           |
| Investments in debt mutual funds (refer note 4)          | -              | 5,816.42                               | -                                       | 5,816.42             | 5,816.42         |
| Trade receivables (refer note 9) (*)                     | 1,230.29       | -                                      | -                                       | 1,230.29             | 1,230.29         |
| Cash and cash equivalents (refer note 10) (*)            | 2,128.81       | -                                      | -                                       | 2,128.81             | 2,128.81         |
| Bank balances (refer note 10) (*)                        | 209.35         | -                                      | -                                       | 209.35               | 209.35           |
| Other financial assets (refer note 6)                    | 118.50         | -                                      | -                                       | 118.50               | 118.50           |
| Security deposits (refer note 5) (*)                     | 20.41          | -                                      | -                                       | 20.41                | 20.41            |
| Loans (refer note 5) (*)                                 | 0.59           | -                                      | -                                       | 0.59                 | 0.59             |
|                                                          | 3,707.95       | 5,816.42                               | 1,372.34                                | 10,896.71            | 10,896.71        |
| <b>Liabilities:</b>                                      |                |                                        |                                         |                      |                  |
| Borrowings (refer note 13) (*)                           | 7,946.77       | -                                      | -                                       | 7,946.77             | 7,946.77         |
| Trade payables (refer note 14) (*)                       | 3,504.42       | -                                      | -                                       | 3,504.42             | 3,504.42         |
| Other financial liabilities (refer note 15) (*)          | 1,048.27       | -                                      | -                                       | 1,048.27             | 1,048.27         |
|                                                          | 12,499.46      | -                                      | -                                       | 12,499.46            | 12,499.46        |

The carrying value and fair value of financial instruments by categories as of 31 March 2017 were as follows:

| Particulars                                              | Amortised cost | Financial assets/ liabilities at FVTPL | Financial assets/ liabilities at FVTOCI | Total carrying value | Total fair value |
|----------------------------------------------------------|----------------|----------------------------------------|-----------------------------------------|----------------------|------------------|
| <b>Assets:</b>                                           |                |                                        |                                         |                      |                  |
| Investments in non-convertible debentures (refer note 4) | -              | -                                      | 499.44                                  | 499.44               | 499.44           |
| Investments in debt mutual funds (refer note 4)          | -              | 6,700.50                               | -                                       | 6,700.50             | 6,700.50         |
| Trade receivables (refer note 9) (*)                     | 949.54         | -                                      | -                                       | 949.54               | 949.54           |
| Cash and cash equivalents (refer note 10) (*)            | 1,782.58       | -                                      | -                                       | 1,782.58             | 1,782.58         |
| Bank balances (refer note 10) (*)                        | 152.99         | -                                      | -                                       | 152.99               | 152.99           |
| Other financial assets (refer note 6)                    | 140.60         | -                                      | -                                       | 140.60               | 140.60           |
| Security deposits (refer note 5) (*)                     | 18.71          | -                                      | -                                       | 18.71                | 18.71            |
| Loans (refer note 5) (*)                                 | 172.20         | -                                      | -                                       | 172.20               | 172.20           |
|                                                          | 3,216.62       | 6,700.50                               | 499.44                                  | 10,416.56            | 10,416.56        |
| <b>Liabilities:</b>                                      |                |                                        |                                         |                      |                  |
| Borrowings (refer note 13) (*)                           | 1,621.25       | -                                      | -                                       | 1,621.25             | 1,621.25         |
| Trade payables (refer note 14) (*)                       | 1,743.62       | -                                      | -                                       | 1,743.62             | 1,743.62         |
| Other financial liabilities (refer note 15) (*)          | 1,166.94       | -                                      | -                                       | 1,166.94             | 1,166.94         |
|                                                          | 4,531.81       | -                                      | -                                       | 4,531.81             | 4,531.81         |

(All amounts in ₹ lacs, unless otherwise stated)

The carrying value and fair value of financial instruments by categories as of 1 April 2016 were as follows:

| Particulars                                              | Amortised cost  | Financial assets/ liabilities at FVTPL | Financial assets/ liabilities at FVTOCI | Total carrying value | Total fair value |
|----------------------------------------------------------|-----------------|----------------------------------------|-----------------------------------------|----------------------|------------------|
| <b>Assets:</b>                                           |                 |                                        |                                         |                      |                  |
| Investments in non-convertible debentures (refer note 4) | -               | -                                      | 498.80                                  | 498.80               | 498.80           |
| Investments in debt mutual funds (refer note 4)          | -               | 5,449.20                               | -                                       | 5,449.20             | 5,449.20         |
| Trade receivables (refer note 9) (*)                     | 900.91          | -                                      | -                                       | 900.91               | 900.91           |
| Cash and cash equivalents (refer note 10) (*)            | 1,478.74        | -                                      | -                                       | 1,478.74             | 1,478.74         |
| Bank balances (refer note 10) (*)                        | 114.33          | -                                      | -                                       | 114.33               | 114.33           |
| Other financial assets (refer note 6)                    | 135.79          | -                                      | -                                       | 135.79               | 135.79           |
| Security deposits (refer note 5) (*)                     | 10.67           | -                                      | -                                       | 10.67                | 10.67            |
| Loans (refer note 5) (*)                                 | 292.89          | -                                      | -                                       | 292.89               | 292.89           |
|                                                          | <b>2,933.33</b> | <b>5,449.20</b>                        | <b>498.80</b>                           | <b>8,881.33</b>      | <b>8,881.33</b>  |
| <b>Liabilities:</b>                                      |                 |                                        |                                         |                      |                  |
| Borrowings (refer note 13) (*)                           | 3,642.50        | -                                      | -                                       | 3,642.50             | 3,642.50         |
| Trade payables (refer note 14) (*)                       | 3,243.20        | -                                      | -                                       | 3,243.20             | 3,243.20         |
| Other financial liabilities (refer note 15) (*)          | 1,026.35        | -                                      | -                                       | 1,026.35             | 1,026.35         |
|                                                          | <b>7,912.05</b> | <b>-</b>                               | <b>-</b>                                | <b>7,912.05</b>      | <b>7,912.05</b>  |

Notes:

(\*) The carrying amount of financial assets and financial liabilities measured at amortized cost are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amount would be significantly different from the values that would be eventually received or settled. Management assessed that fair values of cash and cash equivalents, other bank balances, bank deposits, loans to employees, trade receivables, trade payables and other financial liabilities approximate their carrying amounts due to the short term maturities of these instruments. For long-term borrowings at fixed/floating rates, management evaluates that their fair value will not be significantly different from the carrying amount.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a stressed or liquidation sale.

## (b) Fair value hierarchy

The fair value of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly market between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent in all the years. Fair value of financial instruments referred to in note (a) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable entity specific inputs.

**Level 1:** Quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

**Level 3:** Unobservable inputs for the asset or liability

(All amounts in ₹ lacs, unless otherwise stated)

For assets and liabilities which are measured at fair value as at Balance Sheet date, the classification of fair value by category and level on inputs used is given below:

| As at 31 March 2018                                               | Level 1  | Level 2 | Level 3 | Total    |
|-------------------------------------------------------------------|----------|---------|---------|----------|
| <b>(i) Measured at fair value through OCI (FVOCI)</b>             |          |         |         |          |
| Investments in non convertible debentures (refer note 4)          | 750.45   | -       | -       | 750.45   |
| Investments in perpetual bonds (refer note 4)                     | 621.89   | -       | -       | 621.89   |
| <b>(ii) Measured at fair value through profit or loss (FVTPL)</b> |          |         |         |          |
| Investments in debt mutual funds (refer note 4 )                  | 5,816.42 | -       | -       | 5,816.42 |
|                                                                   | 7,188.76 | -       | -       | 7,188.76 |
| <b>As at 31 March 2017</b>                                        |          |         |         |          |
| <b>(i) Measured at fair value through OCI (FVOCI)</b>             |          |         |         |          |
| Investments in non convertible debentures (refer note 4)          | 499.44   | -       | -       | 499.44   |
| <b>(ii) Measured at fair value through profit or loss (FVTPL)</b> |          |         |         |          |
| Investments in debt mutual funds (refer note 4 )                  | 6,700.50 | -       | -       | 6,700.50 |
|                                                                   | 7,199.94 | -       | -       | 7,199.94 |
| <b>As at 1 April 2016</b>                                         |          |         |         |          |
| <b>(i) Measured at fair value through OCI (FVOCI)</b>             |          |         |         |          |
| Investments in non convertible debentures (refer note 4)          | 498.80   | -       | -       | 498.80   |
| <b>(ii) Measured at fair value through profit or loss (FVTPL)</b> |          |         |         |          |
| Investments in debt mutual funds (refer note 4 )                  | 5,449.20 | -       | -       | 5,449.20 |
|                                                                   | 5,948.00 | -       | -       | 5,948.00 |

### (c) Computation of fair values

Investments in mutual funds are short-term investments made in liquid funds whose fair value is considered as the net asset value (NAV) declared by their respective fund houses on a daily basis. NAV represents the price at which the fund house is willing to issue further units in such fund/the price at which the fund house will redeem such units from the investors. Thus the declared NAV is similar to fair market value for these mutual fund investments since transactions between the investor and fund houses will be carried out at such prices.

The fair value of perpetual bonds is based on quoted prices and market-observable inputs.

## 34 FINANCIAL RISK MANAGEMENT

The Group's business activities expose it to a variety of financial risks such as credit risks, liquidity risk and market risks. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

### (a) Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Group which results in financial loss. The group's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost.

Based on business environment in which the group operates, a default on a financial asset is considered when the counterparty fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

(All amounts in ₹ lacs, unless otherwise stated)

### Trade receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants the credit limits. Impairment of trade receivables is based on expected credit loss model (simplistic approach) depending upon the historical data, present financial conditions of customers and anticipated regulatory changes. Group does not hold any collateral in respect of such receivables.

### Financial instruments and cash deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits. Other financial assets measured at amortized cost includes security deposits. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

Credit risk from balances with banks and financial institutions is managed by the Group's chief operating decision maker in accordance with the Group's policies, as approved by the Board. Investments of surplus funds are made only with approved entities and within credit limits assigned to each entity or fund.

The gross carrying amount of financial assets, net of any impairment losses recognised represents the maximum credit exposure. The maximum exposure to credit risk as at 31 March 2018, 31 March 2017 and 1 April 2016 was as follows:

| Particulars                                    | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|------------------------------------------------|------------------------|------------------------|-----------------------|
| Trade receivables (refer note 9)               | 1,230.29               | 949.54                 | 900.91                |
| Investments (refer note 4)                     | 7,188.76               | 7,199.94               | 5,948.00              |
| Cash and cash equivalents (refer note 10)      | 2,128.81               | 1,782.58               | 1,478.74              |
| Bank balances other than above (refer note 10) | 209.35                 | 152.99                 | 114.33                |
| Other financial assets (refer note 6)          | 118.50                 | 140.60                 | 135.79                |
| Security deposits (refer note 5)               | 20.41                  | 18.71                  | 10.67                 |
| Loans (refer note 5)                           | 0.59                   | 172.20                 | 292.89                |
|                                                | 10,896.71              | 10,416.56              | 8,881.33              |

### Trade Receivables as at 31 March 2018:

| Particulars                        | Neither due<br>nor impaired | Past due         |                   |                    | Total    |
|------------------------------------|-----------------------------|------------------|-------------------|--------------------|----------|
|                                    |                             | Upto 6<br>months | 6 to 12<br>months | Above 12<br>months |          |
| Secured                            | -                           | -                | -                 | -                  | -        |
| Unsecured                          | -                           | 1,214.79         | 1.60              | 13.90              | 1,230.29 |
| <b>Gross Total</b>                 | -                           | 1,214.79         | 1.60              | 13.90              | 1,230.29 |
| Provision for doubtful receivables | -                           | -                | -                 | -                  | -        |
| <b>Net Total</b>                   | -                           | 1,214.79         | 1.60              | 13.90              | 1,230.29 |

### Trade Receivables as at 31 March 2017:

| Particulars                        | Neither due<br>nor impaired | Past due         |                   |                    | Total  |
|------------------------------------|-----------------------------|------------------|-------------------|--------------------|--------|
|                                    |                             | Upto 6<br>months | 6 to 12<br>months | Above 12<br>months |        |
| Secured                            | -                           | -                | -                 | -                  | -      |
| Unsecured                          | -                           | 946.43           | 2.46              | 0.65               | 949.54 |
| <b>Gross Total</b>                 | -                           | 946.43           | 2.46              | 0.65               | 949.54 |
| Provision for doubtful receivables | -                           | -                | -                 | -                  | -      |
| <b>Net Total</b>                   | -                           | 946.43           | 2.46              | 0.65               | 949.54 |

(All amounts in ₹ lacs, unless otherwise stated)

**Trade Receivables as at 01 April 2016:**

| Particulars                        | Neither due nor impaired | Past due      |                |                 | Total  |
|------------------------------------|--------------------------|---------------|----------------|-----------------|--------|
|                                    |                          | Upto 6 months | 6 to 12 months | Above 12 months |        |
| Secured                            | -                        | -             | -              | -               | -      |
| Unsecured                          | -                        | 896.17        | 0.70           | 4.04            | 900.91 |
| <b>Gross Total</b>                 | -                        | 896.17        | 0.70           | 4.04            | 900.91 |
| Provision for doubtful receivables | -                        | -             | -              | -               | -      |
| <b>Net Total</b>                   | -                        | 896.17        | 0.70           | 4.04            | 900.91 |

**(b) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group has an established liquidity risk management framework for managing its short term, medium term and long-term funding and liquidity management requirements. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Group also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

**Maturities of financial liabilities**

The following table shows the remaining contractual maturities of financial liabilities at the reporting date. The amounts reported are on gross and undiscounted basis and includes contractual interest payments.

**As at 31 March 2018:**

| Particulars                                 | Upto 1 year     | 1 year to 3 year | 3 year to 5 year | Total            |
|---------------------------------------------|-----------------|------------------|------------------|------------------|
| Borrowings (refer note 13)                  | -               | 7,946.77         | -                | 7,946.77         |
| Trade payables (refer note 14)              | 3,504.42        | -                | -                | 3,504.42         |
| Other financial liabilities (refer note 15) | 1,028.19        | 20.08            | -                | 1,048.27         |
|                                             | <b>4,532.61</b> | <b>7,966.85</b>  | <b>-</b>         | <b>12,499.46</b> |

**As at 31 March 2017:**

| Particulars                                 | Upto 1 year     | 1 year to 3 year | 3 year to 5 year | Total           |
|---------------------------------------------|-----------------|------------------|------------------|-----------------|
| Borrowings (refer note 13)                  | -               | 1,621.25         | -                | 1,621.25        |
| Trade payables (refer note 14)              | 1,743.62        | -                | -                | 1,743.62        |
| Other financial liabilities (refer note 15) | 1,143.85        | 23.09            | -                | 1,166.94        |
|                                             | <b>2,887.47</b> | <b>1,644.34</b>  | <b>-</b>         | <b>4,531.81</b> |

**As at 1 April 2016:**

| Particulars                                 | Upto 1 year     | 1 year to 3 year | 3 year to 5 year | Total           |
|---------------------------------------------|-----------------|------------------|------------------|-----------------|
| Borrowings (refer note 13)                  | 330.00          | 3,312.50         | -                | 3,642.50        |
| Trade payables (refer note 14)              | 3,243.20        | -                | -                | 3,243.20        |
| Other financial liabilities (refer note 15) | 995.54          | 30.81            | -                | 1,026.35        |
|                                             | <b>4,568.74</b> | <b>3,343.31</b>  | <b>-</b>         | <b>7,912.05</b> |

(All amounts in ₹ lacs, unless otherwise stated)

### (c) Market risk

Market risk is the risk of potential adverse change in the group's income and the value of group net worth arising from movement in foreign exchange rates, interest rates or other market prices. The group recognises that the effective management of market risk is essential to the maintenance of stable earnings and preservation of shareholder value. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the overall returns.

#### (i) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when transactions are denominated in foreign currencies.

The Group operates internationally and a major portion of the business is transacted in US\$ and consequently the Group is exposed to foreign exchange risk through its sales and services in the United States, and purchases from within United States and overseas suppliers. The exchange between Indian Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in future. Consequently, the results of the Group's operations are adversely affected as the rupee appreciates/depreciates against US\$.

#### Foreign currency risk exposure:

|                            | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|----------------------------|------------------------|------------------------|-----------------------|
| Trade receivables (in USD) | 1,872,211.33           | 1,455,386.38           | 1,343,467.44          |
|                            | 1,872,211.33           | 1,455,386.38           | 1,343,467.44          |

#### Sensitivity analysis:

| Particulars                                   | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-----------------------------------------------|-----------------------------|-----------------------------|
| <b>USD sensitivity:</b>                       |                             |                             |
| INR/USD - increase by 5% (31 March 2017 - 5%) | 93,610.57                   | 72,769.32                   |
| INR/USD - decrease by 5% (31 March 2017 - 5%) | (93,610.57)                 | (72,769.32)                 |

#### (ii) Price risk

The Group is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. The investments in liquid mutual funds have been disclosed in Note 4.

The Group is also exposed to the price risk for its investment in bonds and debentures. These being debt instruments, the exposure to risk of changes in market rates is minimal. The details of such investments in bonds are given in Note 4.

The Group is mainly exposed to change in market rates of its investments in mutual funds recognised at FVTPL. A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below:

The Group has laid policies and guidelines which it adheres to in order to minimise pricing risk arising from investments in debt mutual funds.

#### Sensitivity analysis:

| Particulars                                            | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|--------------------------------------------------------|------------------------|------------------------|-----------------------|
| Price increase by (1%) - Investments measured at FVTPL | 58.16                  | 67.01                  | 54.49                 |
| Price decrease by (1%) - Investments measured at FVTPL | (58.16)                | (67.01)                | (54.49)               |

(All amounts in ₹ lacs, unless otherwise stated)

**(iii) Interest rate risk:**

**Liabilities:**

The Group's variable rate borrowing is subject to interest rate. Below is the overall exposure of the borrowing:

| Particulars             | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-------------------------|------------------------|------------------------|-----------------------|
| Variable rate borrowing | 7,946.77               | 1,621.25               | 3,642.50              |
| <b>Total borrowings</b> | <b>7,946.77</b>        | <b>1,621.25</b>        | <b>3,642.50</b>       |

**Sensitivity analysis:**

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

| Particulars                                              | As at<br>31 March 2018 | As at<br>31 March 2017 |
|----------------------------------------------------------|------------------------|------------------------|
| <b>Interest sensitivity:</b>                             |                        |                        |
| Interest rates - increase by 0.5% (31 March 2017 - 0.5%) | (39.73)                | (8.11)                 |
| Interest rates - decrease by 0.5% (31 March 2017 - 0.5%) | 39.73                  | 8.11                   |

**Assets**

The Group's fixed deposits, interest bearing security deposits and loans are carrying at fixed rate. Therefore these instruments are not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**d) Capital management**

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

| Particulars                     | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------------------|------------------------|------------------------|-----------------------|
| Net debts (*)                   | 5,608.61               | (314.32)               | 2,071.41              |
| Total equity                    | 14,185.70              | 13,134.50              | 12,219.49             |
| <b>Net debt to equity ratio</b> | <b>0.40</b>            | <b>(0.00)</b>          | <b>0.17</b>           |

(\*) Net debt = non current borrowings + current borrowings + current maturities of non-current borrowings + interest accrued - cash and bank balances

**35 DIVIDENDS**

| Particulars                                                                           | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|---------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>Dividend on equity shares paid during the year:</b>                                |                             |                             |
| Final dividend for FY 2016-17 [₹ 2 (Previous year ₹ 2) per equity share of ₹10 each ] | 294.63                      | 294.63                      |
| Dividend distribution tax on above                                                    | 59.98                       | 59.98                       |

**Proposed Dividend**

The Board of Directors at its meeting held on 28 May 2018 proposed a dividend of ₹ 2 per equity share (31 March 2017: ₹ 2), amounting to ₹ 355.20 lacs (31 March 2017: ₹ 354.61 lacs) including dividend distribution tax of ₹ 60.57 lacs (31 March 2017: ₹ 59.98 lacs). The proposed dividend by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(All amounts in ₹ lacs, unless otherwise stated)

### 36 FIRST TIME ADOPTION OF IND AS

These are the Group's first consolidated financial statements prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Group has followed the guidance prescribed under Ind AS 101 - First Time adoption of Indian Accounting Standard, with 1 April 2016 as the transition date and IGAAP as the previous GAAP.

The accounting policies set out in note 1 have been applied in preparing the consolidated financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the Group's date of transition). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

Ind AS 101 has set out certain mandatory and optional carve outs to be applied for transition from the existing Indian GAAP to Ind AS. The Group has adopted the following carve outs in preparing its opening Ind AS Balance Sheet.

#### (a) Ind AS optional exemptions

Indian Accounting Standard 101 First time adoption Indian Accounting Standards (Ind AS 101) allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

##### Deemed cost for property, plant and equipment and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Indian Accounting Standard 38 Intangible Assets (Ind AS 38). Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

#### (b) Ind AS mandatory exceptions

##### Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

##### Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- (i) The effects of the retrospective application or retrospective restatement are not determinable;

(All amounts in ₹ lacs, unless otherwise stated)

- (ii) The retrospective application or restatement requires assumptions about what management's intent would have been in that period;

The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

#### De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choice, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

#### (i) Effect of Ind AS adoption of total equity:

| Particulars                                                                                  | As at 31<br>March 2017 | As at 01<br>April 2016 |
|----------------------------------------------------------------------------------------------|------------------------|------------------------|
| Equity as per previous GAAP                                                                  | 13,122.48              | 11,806.71              |
| <b>Adjustments:</b>                                                                          |                        |                        |
| Effect of measuring current investments at fair value through profit and loss account        | 16.36                  | 87.41                  |
| Adjustment on account of proposed dividend                                                   | -                      | 354.61                 |
| Effect of measuring security deposits at fair value                                          | (0.58)                 | (0.22)                 |
| Effect of adjustment in liability for compensated absences                                   | (5.08)                 | -                      |
| Effect of measuring non-current investments at fair value through other comprehensive income | 2.18                   | 1.75                   |
| Tax impact of above items                                                                    | (0.86)                 | (30.77)                |
| <b>Total adjustments</b>                                                                     | <b>12.02</b>           | <b>412.78</b>          |
| <b>Total equity as per Ind AS</b>                                                            | <b>13,134.50</b>       | <b>12,219.49</b>       |

#### (ii) Reconciliation of total comprehensive income for the year ended 31 March 2017:

| Particulars                                                                          | Year ended<br>31 March 2017 |
|--------------------------------------------------------------------------------------|-----------------------------|
| <b>Profit after tax as per previous GAAP</b>                                         | <b>1,379.75</b>             |
| <b>Unrealised profit/ (loss) on fair value of current investments</b>                | <b>(71.05)</b>              |
| Interest income using effective interest rate on fair valuation of security deposits | 0.33                        |
| Actuarial loss on defined benefit plan reclassified to other comprehensive income    | (7.90)                      |
| Amortisation of prepaid rent recognised on fair valuation of security deposits       | (0.69)                      |
| Deferred tax impact on above GAAP adjustments (net)                                  | 27.84                       |
| <b>Profit after tax as per Ind AS</b>                                                | <b>1,328.28</b>             |
| <b>Other comprehensive income:</b>                                                   |                             |
| Remeasurements of post-employment benefit obligations                                | 7.12                        |
| Net fair value gain/(loss) on investment in debt instruments through OCI             | 0.43                        |
| Tax relating to these items                                                          | (2.25)                      |
|                                                                                      | <b>5.30</b>                 |
| <b>Total comprehensive income as per Ind AS</b>                                      | <b>1,333.58</b>             |

(All amounts in ₹ lacs, unless otherwise stated)

**(iii) Effect of Ind AS adoption on the Statement of Cash flows for the year ended 31 March 2017**

There were no material differences between the Statement of Cash Flows presented under Ind AS and the Previous GAAP.

(\*) The Indian GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

**Foot notes to first time adoption:**

**1 Non-current investments**

The Parent Company has non-current investments in non-convertible debentures of SREI Infrastructure Bonds, which yields an annual interest of 10.20% on the face value, and shall be repaid as a lump-sum on its maturity during 2019-20. The Parent Company has purchased such bonds at a discounted price, and hence, the same shall be amortized over the life of the debenture yielding interest on the basis of the effective interest rate (EIR). Under previous GAAP, non current investments were measured at cost.

**2 Current investments**

Mutual funds - Under Previous GAAP, the mutual funds are measured at cost or market value, whichever is lower. Under Ind AS, the Group has designated these investments at fair value through profit or loss (FVTPL). Accordingly, these investments are required to be measured at fair value. At the date of transition to Ind AS, difference between the fair value of the instruments and its Previous GAAP carrying amount has been recognised in retained earnings. Fair value changes are recognised in the Statement of Profit and Loss for the year ended 31 March 2017.

**3 Proposed dividend**

Under Previous GAAP, proposed dividends and the related dividend distribution tax are recognised as a provision in the year to which they relate, irrespective of when they are declared. Under Ind AS, dividends and related dividend distribution tax are recognised as a liability in the year in which it is approved by the shareholders in the Annual General Meeting of the Group.

**4 Deferred taxes**

Under Previous GAAP, deferred taxes were recognised for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognised using

the balance sheet for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. The above difference, together with the consequential tax impact of the other Ind AS transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or through other comprehensive income.

**5 Defined benefit plans**

(a) Actuarial gain/(loss) - Under Previous GAAP, the actuarial gain/(loss) of defined benefit plans has been recognised in Statement of Profit and Loss as an exceptional item. Under Ind AS, the remeasurement gain/(loss) on net defined benefit plans is recognised in Other Comprehensive Income net of tax.

(b) Net interest cost on defined benefit plans - Under Previous GAAP, the interest cost on defined benefit liability and expected return on plan assets is recognised as employee benefit expenses in the Statement of Profit and Loss. Under Ind AS, the Group has adopted the accounting policy to recognise the net interest cost on defined benefit plans as finance cost.

**6 Discounting of security deposits**

Under Previous GAAP, the security deposits for leases are accounted at an undiscounted value. Under Ind AS, the security deposits for leases have been recognised at discounted value and the difference between undiscounted and discounted value has been recognised as 'Deferred lease rent' which has been amortised over respective lease term as rent expense under 'other expenses'. The discounted value of the security deposits is increased over the period of lease term by recognising the notional interest income under 'other income'.

**7 Tax impact on adjustments**

Retained earnings and statement of profit and loss has been adjusted consequent to the Ind AS transition adjustments with corresponding impact to deferred tax, wherever applicable.

**8 Other comprehensive income**

Under Ind AS, all items of income and expense recognized in a period should be included in profit or loss for the period, unless a standard requires or

(All amounts in ₹ lacs, unless otherwise stated)

permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans, effective portion of gain or loss on cash flow hedging instruments, fair value gain or loss on FVOCI equity instruments and their corresponding income tax effects. The concept of other comprehensive income did not exist under previous GAAP.

## 9 MAT credit

Under Ind AS, MAT credits are form of unused tax credits that are carried forward by the Group for a specified period of time. Accordingly, MAT Credit are grouped with deferred tax asset (net) in the Balance Sheet of the Group. Correspondingly, MAT credit entitlement has been grouped with deferred tax in the Statement of Profit and Loss.

## 10 Accrued interest on financial assets

Accrued interest on loan given to body corporates has been clubbed with the loans under Ind AS. Same was appearing under other current assets in previous GAAP.

## 37 ADDITIONAL INFORMATION PURSUANT TO THE GUIDANCE NOTE ON DIVISION II- IND AS SCHEDULE III TO THE COMPANIES ACT 2013 :

| Name of the entity in the group                 | Net Assets, i.e., total assets<br>minus total liabilities |                                | Share in profit or loss                      |                                | Share in other<br>comprehensive income       |                                | Share in total<br>comprehensive income       |                                |
|-------------------------------------------------|-----------------------------------------------------------|--------------------------------|----------------------------------------------|--------------------------------|----------------------------------------------|--------------------------------|----------------------------------------------|--------------------------------|
|                                                 | As % of<br>consolidated<br>net assets                     | Year ended<br>31 March<br>2018 | As % of<br>consolidated<br>profit or<br>loss | Year ended<br>31 March<br>2018 | As % of<br>consolidated<br>profit or<br>loss | Year ended<br>31 March<br>2018 | As % of<br>consolidated<br>profit or<br>loss | Year ended<br>31 March<br>2018 |
| <b>(a) Parent:</b>                              |                                                           |                                |                                              |                                |                                              |                                |                                              |                                |
| IntraSoft Technologies Limited                  | 69.92%                                                    | 9,918.15                       | -65%                                         | (890.42)                       | -44%                                         | (3.42)                         | -64.73%                                      | (893.84)                       |
| <b>(b) Subsidiaries</b>                         |                                                           |                                |                                              |                                |                                              |                                |                                              |                                |
| <b>Indian subsidiary</b>                        |                                                           |                                |                                              |                                |                                              |                                |                                              |                                |
| One Two Three Greetings (India) Private Limited | 1.49%                                                     | 211.00                         | 0%                                           | 3.16                           | 0%                                           | -                              | 0.23%                                        | 3.16                           |
| <b>Foreign subsidiary</b>                       |                                                           |                                |                                              |                                |                                              |                                |                                              |                                |
| 123Greetings.com, Inc.                          | 1.01%                                                     | 143.18                         | 69%                                          | 954.20                         | 0%                                           | -                              | 69.10%                                       | 954.20                         |
| Intrasoft Ventures Pte. Limited                 | 4.88%                                                     | 692.77                         | 0%                                           | (6.52)                         | 0%                                           | -                              | -0.47%                                       | (6.52)                         |
| 123Stores, Inc. (consolidated)*                 | 22.70%                                                    | 3,220.60                       | 96%                                          | 1,312.73                       | 144%                                         | 11.12                          | 95.87%                                       | 1,323.85                       |
| Minority Interests in all subsidiaries          | -                                                         | -                              | -                                            | -                              | -                                            | -                              | -                                            | -                              |
| <b>TOTAL</b>                                    | 100.00%                                                   | 14,185.70                      | 100%                                         | 1,373.15                       | 100%                                         | 7.70                           | 100%                                         | 1,380.85                       |

\*123Stores, Inc. (consolidated) consists of 123Stores, Inc and its wholly owned indian subsidiary 123Stores E-Commerce Private Limited

## As per our report of even date

### For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

### per Anamitra Das

Partner

Membership No. 062191

### For and on behalf of the Board of Directors of

IntraSoft Technologies Limited

### Arvind Kajaria

Managing Director

(DIN: 00106901)

### Sharad Kajaria

Whole-time Director

(DIN: 00108036)

### Mohit Kumar Jha

Chief Financial Officer

### Pranvesh Tripathi

Company Secretary

Place : Gurugram

Date : 28 May 2018

Place : Kolkata

Date : 28 May 2018

# **Standalone Financial Statements**

# Independent Auditor's Report

## To the Members of IntraSoft Technologies Limited

### REPORT ON THE STANDALONE FINANCIAL STATEMENTS

1. We have audited the accompanying standalone financial statements of IntraSoft Technologies Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements

and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

### OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### OTHER MATTER

9. The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports to the shareholders of the Company dated 24 May 2017 and 27 May 2016 respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

10. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. Further to our comments in Annexure A, 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 purpose of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the standalone financial statements dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;
  - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
  - f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 28 May 2018 as per Annexure B expresses our unmodified

opinion on adequacy and operative effectiveness of internal controls over financial reporting; and

- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company, as detailed in Note 24 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
  - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**per Anamitra Das**

Partner

Place : Gurugram

Date : 28 May 2018

Membership No.: 062191

## ANNEXURE A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has complied with the provisions of section 185 and 186 of the Act in respect of loans given. Further, in our opinion, the Company has complied with the provisions of section 186 of the Act in respect of investments, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid / provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**per Anamitra Das**

Partner

Membership No.: 062191

Place : Gurugram  
Date : 28 May 2018

## ANNEXURE B

### INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ('THE ACT')

1. In conjunction with our audit of the standalone financial statements of IntraSoft Technologies Limited ('the Company') as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

### AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. 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 IFCoFR.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### OPINION

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Anamitra Das**

Partner

Place : Gurugram

Date : 28 May 2018

Membership No.: 062191

# Balance Sheet as at 31 March 2018

(All amounts in ₹ lacs, unless otherwise stated)

|                                                 | Notes  | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-------------------------------------------------|--------|------------------------|------------------------|-----------------------|
| <b>ASSETS</b>                                   |        |                        |                        |                       |
| <b>Non-current assets</b>                       |        |                        |                        |                       |
| Property, plant and equipment                   | 5 (a)  | 1,648.78               | 1,764.68               | 1,797.47              |
| Capital work-in-progress                        | 5 (c)  | -                      | -                      | 4.26                  |
| Other intangible assets                         | 5 (b)  | 25.55                  | 34.66                  | 38.50                 |
| <b>Financial assets</b>                         |        |                        |                        |                       |
| (i) Investments                                 | 6 (a)  | 2,441.92               | 1,545.95               | 1,545.31              |
| (ii) Loans                                      | 7 (a)  | 10.50                  | 11.26                  | 10.67                 |
| Deferred tax assets (net)                       | 24 (e) | 1,738.65               | 1,711.45               | 1,628.28              |
| Non-current tax assets (net)                    | 24 (d) | 51.19                  | 31.75                  | 171.11                |
| Other non-current assets                        | 9 (a)  | 291.34                 | 279.96                 | 396.28                |
| <b>Total non-current assets</b>                 |        | <b>6,207.93</b>        | <b>5,379.71</b>        | <b>5,591.88</b>       |
| <b>Current assets</b>                           |        |                        |                        |                       |
| <b>Financial assets</b>                         |        |                        |                        |                       |
| (i) Investments                                 | 6 (b)  | 5,816.42               | 6,700.50               | 5,449.20              |
| (ii) Trade receivables                          | 10     | 103.48                 | 159.39                 | 1,182.02              |
| (iii) Cash and cash equivalents                 | 11 (a) | 69.61                  | 10.11                  | 16.54                 |
| (iv) Balances with bank, other than (iii) above | 11 (b) | 38.11                  | 7.53                   | 36.99                 |
| (v) Loans                                       | 7 (b)  | 75.59                  | 257.20                 | 670.70                |
| (vi) Others                                     | 8      | 50.00                  | -                      | -                     |
| Current tax assets (net)                        | 24 (d) | 48.94                  | 94.83                  | -                     |
| Other current assets                            | 9 (b)  | 19.33                  | 21.88                  | 41.22                 |
| <b>Total current assets</b>                     |        | <b>6,221.48</b>        | <b>7,251.44</b>        | <b>7,396.67</b>       |
| <b>Total assets</b>                             |        | <b>12,429.41</b>       | <b>12,631.15</b>       | <b>12,988.55</b>      |
| <b>EQUITY AND LIABILITIES</b>                   |        |                        |                        |                       |
| <b>Equity</b>                                   |        |                        |                        |                       |
| Equity share capital                            | 12     | 1,473.17               | 1,473.17               | 1,473.17              |
| Other equity                                    | 13     | 10,170.02              | 10,403.00              | 10,365.88             |
| <b>Total equity</b>                             |        | <b>11,643.19</b>       | <b>11,876.17</b>       | <b>11,839.05</b>      |
| <b>Liabilities</b>                              |        |                        |                        |                       |
| <b>Non-current liabilities</b>                  |        |                        |                        |                       |
| Provisions                                      | 16 (a) | 74.51                  | 65.87                  | 43.55                 |
| Deferred tax liabilities (net)                  | 24 (f) | 138.48                 | 144.90                 | 139.64                |
| Other non-current liabilities                   | 17 (a) | 372.86                 | 306.91                 | 378.54                |
| <b>Total non-current liabilities</b>            |        | <b>585.85</b>          | <b>517.68</b>          | <b>561.73</b>         |
| <b>Current liabilities</b>                      |        |                        |                        |                       |
| <b>Financial liabilities</b>                    |        |                        |                        |                       |
| (i) Borrowings                                  | 14     | -                      | -                      | 330.00                |
| (ii) Other financial liabilities                | 15     | 135.63                 | 151.02                 | 186.22                |
| Provisions                                      | 16 (b) | 3.06                   | 2.49                   | 1.36                  |
| Other current liabilities                       | 17 (b) | 61.68                  | 83.79                  | 70.19                 |
| <b>Total current liabilities</b>                |        | <b>200.37</b>          | <b>237.30</b>          | <b>587.77</b>         |
| <b>Total liabilities</b>                        |        | <b>786.22</b>          | <b>754.98</b>          | <b>1,149.50</b>       |
| <b>Total equity and liabilities</b>             |        | <b>12,429.41</b>       | <b>12,631.15</b>       | <b>12,988.55</b>      |

The accompanying notes 1 to 34 form an integral part of these standalone financial statements.

This is the Balance Sheet referred to in our report of even date.

## For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

## per Anamitra Das

Partner

Membership No. 062191

## For and on behalf of the Board of Directors of

IntraSoft Technologies Limited

## Arvind Kajaria

Managing Director

(DIN: 00106901)

## Sharad Kajaria

Whole-time Director

(DIN: 00108036)

## Mohit Kumar Jha

Chief Financial Officer

## Pranvesh Tripathi

Company Secretary

Place : Gurugram

Date : 28 May 2018

Place : Kolkata

Date : 28 May 2018

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

(All amounts in ₹ lacs, unless otherwise stated)

|                                                                                | Notes | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|--------------------------------------------------------------------------------|-------|-----------------------------|-----------------------------|
| <b>INCOME</b>                                                                  |       |                             |                             |
| Revenue from operations                                                        | 18    | 953.58                      | 1,199.15                    |
| Other income                                                                   | 19    | 579.95                      | 728.14                      |
| <b>Total income</b>                                                            |       | <b>1,533.53</b>             | 1,927.29                    |
| <b>EXPENSES</b>                                                                |       |                             |                             |
| Employee benefits expense                                                      | 20    | 836.25                      | 889.42                      |
| Finance costs                                                                  | 21    | 7.82                        | 55.70                       |
| Depreciation and amortisation expense                                          | 22    | 142.81                      | 151.60                      |
| Other expenses                                                                 | 23    | 426.75                      | 406.36                      |
| <b>Total expenses</b>                                                          |       | <b>1,413.63</b>             | 1,503.08                    |
| <b>Profit before tax</b>                                                       |       | <b>119.90</b>               | 424.21                      |
| <b>TAX EXPENSE:</b>                                                            | 24    |                             |                             |
| Current tax                                                                    |       | 27.19                       | 81.28                       |
| Deferred tax                                                                   |       | (32.31)                     | (74.73)                     |
| Prior year taxes                                                               |       | -                           | 23.30                       |
| <b>Profit after tax</b>                                                        |       | <b>125.02</b>               | 394.36                      |
| <b>OTHER COMPREHENSIVE INCOME:</b>                                             |       |                             |                             |
| <b>(a) Items that will not be reclassified subsequently to profit or loss:</b> |       |                             |                             |
| - Remeasurements of post-employment defined benefit obligations                |       | (0.47)                      | (4.35)                      |
| - Income tax effect on above                                                   |       | 0.13                        | 1.44                        |
| <b>(b) Items that will be reclassified subsequently to profit or loss:</b>     |       |                             |                             |
| - Net fair value gain/(loss) on investment in debt instruments through OCI     |       | (4.25)                      | 0.43                        |
| - Income tax effect on above                                                   |       | 1.17                        | (0.14)                      |
| <b>Total other comprehensive income for the year, net of tax</b>               |       | <b>(3.42)</b>               | (2.62)                      |
| <b>Total comprehensive income for the year</b>                                 |       | <b>121.60</b>               | 391.74                      |
| <b>EARNINGS PER EQUITY SHARE:</b>                                              |       |                             |                             |
| Basic and diluted earnings per share (₹)                                       | 25    | 0.85                        | 2.68                        |

The accompanying notes 1 to 34 form an integral part of these standalone financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

**For Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N/N500013

**per Anamitra Das**  
Partner  
Membership No. 062191

**For and on behalf of the Board of Directors of  
IntraSoft Technologies Limited**

**Arvind Kajaria**  
Managing Director  
(DIN: 00106901)

**Sharad Kajaria**  
Whole-time Director  
(DIN: 00108036)

**Mohit Kumar Jha**  
Chief Financial Officer

**Pranvesh Tripathi**  
Company Secretary

Place : Gurugram  
Date : 28 May 2018

Place : Kolkata  
Date : 28 May 2018

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

(All amounts in ₹ lacs, unless otherwise stated)

|                                                                                | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|--------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                                  |                             |                             |
| <b>Profit before tax</b>                                                       | <b>119.90</b>               | 424.21                      |
| <b>Adjustments for:</b>                                                        |                             |                             |
| Depreciation and amortisation expense                                          | <b>142.81</b>               | 151.60                      |
| (Gain)/loss on sale of property, plant and equipment                           | <b>(4.60)</b>               | 6.21                        |
| Dividend income                                                                | <b>(6.39)</b>               | (62.49)                     |
| Net gain on sale of investments measured at FVTPL                              | <b>(397.27)</b>             | (559.66)                    |
| Net loss arising on remeasurement of investments measured at FVTPL             | <b>14.45</b>                | 71.05                       |
| Foreign exchange (gain)/loss                                                   | <b>1.67</b>                 | (14.87)                     |
| Finance costs                                                                  | <b>7.82</b>                 | 55.70                       |
| Interest income                                                                | <b>(79.83)</b>              | (89.68)                     |
| Prepaid rent on security deposits                                              | <b>0.69</b>                 | 0.69                        |
| Fair value (gain)/loss on investment in debt instruments measured through OCI  | <b>(4.25)</b>               | 0.43                        |
| Unwinding of financial guarantee                                               | <b>(72.48)</b>              | (72.48)                     |
| <b>Operating loss before working capital changes</b>                           | <b>(277.48)</b>             | (89.29)                     |
| <b>Adjustments for changes in working capital:</b>                             |                             |                             |
| Decrease in trade receivables                                                  | <b>54.24</b>                | 1,037.50                    |
| Decrease in loans                                                              | <b>182.00</b>               | 413.24                      |
| Decrease/(increase) in other financial assets                                  | <b>(50.58)</b>              | 29.46                       |
| Decrease/(increase) in other assets                                            | <b>(9.51)</b>               | 134.98                      |
| Increase in provisions                                                         | <b>8.74</b>                 | 19.10                       |
| (Decrease)/increase in non current liabilities                                 | <b>101.95</b>               | (6.91)                      |
| Decrease in financial liabilities                                              | <b>(2.07)</b>               | (24.54)                     |
| Increase in current liabilities                                                | <b>6.62</b>                 | 7.48                        |
| <b>Cash generated from operating activities</b>                                | <b>13.91</b>                | 1,521.02                    |
| Income tax paid (net of refunds)                                               | <b>(0.74)</b>               | (61.94)                     |
| <b>Net cash generated from operating activities (A)</b>                        | <b>13.17</b>                | 1,459.08                    |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>                                 |                             |                             |
| Purchase of property, plant and equipment, including CWIP and capital advances | <b>(39.61)</b>              | (106.04)                    |
| Purchase of intangible assets                                                  | <b>(0.43)</b>               | (5.96)                      |
| Proceeds from sale of property, plant equipment                                | <b>12.94</b>                | 5.23                        |
| Investment in fixed deposits                                                   | <b>(30.00)</b>              | -                           |
| Investment in subsidiaries                                                     | <b>(23.08)</b>              | -                           |
| Interest received                                                              | <b>80.20</b>                | 89.35                       |
| Dividend received                                                              | <b>6.39</b>                 | 62.49                       |
| Purchase of investments                                                        | <b>(2,682.53)</b>           | (8,928.00)                  |
| Sale of investments                                                            | <b>3,076.55</b>             | 8,164.67                    |
| <b>Net cash generated from/(used in) investing activities (B)</b>              | <b>400.43</b>               | (718.26)                    |

|                                                                       | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-----------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>                        |                             |                             |
| Repayment of borrowings                                               | -                           | (349.19)                    |
| Dividend paid (including tax thereon)                                 | (354.03)                    | (353.44)                    |
| Interest paid                                                         | (0.07)                      | (44.62)                     |
| <b>Net cash used in financing activities (C)</b>                      | <b>(354.10)</b>             | <b>(747.25)</b>             |
| <b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b> | <b>59.50</b>                | <b>(6.43)</b>               |
| Cash and cash equivalents at the beginning of the year                | 10.11                       | 16.54                       |
| Cash and cash equivalents at the end of the year                      | 69.61                       | 10.11                       |
| <b>Components of cash and cash equivalents:</b>                       |                             |                             |
| Cash and bank balances                                                | 69.61                       | 10.11                       |
|                                                                       | 69.61                       | 10.11                       |

**Notes:**

- The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, "Statement of Cash Flows".
- Reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financial activities are as under:

| Particulars                                        | Balance as on<br>31 March 2018 | Balance as on<br>31 March 2017 |
|----------------------------------------------------|--------------------------------|--------------------------------|
| <b>Short term borrowings:</b>                      |                                |                                |
| - Opening balance                                  |                                | 330.00                         |
| - Received during the year                         | -                              | -                              |
| - Repayment made during the year                   | -                              | (330.00)                       |
| <b>Total liabilities from financing activities</b> | <b>-</b>                       | <b>-</b>                       |

This is the Statement of Cash Flows referred to in our report of even date.

**For Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N/N500013

**per Anamitra Das**  
Partner  
Membership No. 062191

Place : Gurugram  
Date : 28 May 2018

**For and on behalf of the Board of Directors of  
IntraSoft Technologies Limited**

**Arvind Kajaria**  
Managing Director  
(DIN: 00106901)

Place : Kolkata  
Date : 28 May 2018

**Sharad Kajaria**  
Whole-time Director  
(DIN: 00108036)

**Mohit Kumar Jha**  
Chief Financial Officer

**Pranvesh Tripathi**  
Company Secretary

# Statement of Changes in Equity for the year ended 31 March 2018

(All amounts in ₹ lacs, unless otherwise stated)

|                                                                   | Equity share capital | Securities premium account | General reserve | Capital reserve | Retained earnings | Other comprehensive income (OCI) | Debt instruments through OCI | Total            |
|-------------------------------------------------------------------|----------------------|----------------------------|-----------------|-----------------|-------------------|----------------------------------|------------------------------|------------------|
| <b>As at 1 April 2016 (refer note 34)</b>                         | <b>1,473.17</b>      | <b>5,527.11</b>            | <b>169.15</b>   | <b>96.14</b>    | <b>4,573.48</b>   | -                                | -                            | <b>11,839.05</b> |
| Profit for the year                                               | -                    | -                          | -               | -               | 394.36            | -                                | -                            | 394.36           |
| Items of other comprehensive income, net of tax:                  |                      |                            |                 |                 |                   |                                  |                              |                  |
| Remeasurements of post-employment benefit obligations, net of tax | -                    | -                          | -               | -               | -                 | (2.91)                           | -                            | (2.91)           |
| Net gain in debt instruments through other comprehensive income   | -                    | -                          | -               | -               | -                 | -                                | 0.29                         | 0.29             |
| Dividends paid (including corporate dividend tax)                 | -                    | -                          | -               | -               | (354.62)          | -                                | -                            | (354.62)         |
| <b>As at 31 March 2017</b>                                        | <b>1,473.17</b>      | <b>5,527.11</b>            | <b>169.15</b>   | <b>96.14</b>    | <b>4,613.22</b>   | <b>(2.91)</b>                    | <b>0.29</b>                  | <b>11,876.17</b> |
| <b>Changes in equity for the year ended 31 March 2018</b>         |                      |                            |                 |                 |                   |                                  |                              |                  |
| <b>As at 31 March 2017</b>                                        | <b>1,473.17</b>      | <b>5,527.11</b>            | <b>169.15</b>   | <b>96.14</b>    | <b>4,613.22</b>   | <b>(2.91)</b>                    | <b>0.29</b>                  | <b>11,876.17</b> |
| Profit for the year                                               | -                    | -                          | -               | -               | 125.02            | -                                | -                            | 125.02           |
| Items of other comprehensive income, net of tax:                  |                      |                            |                 |                 |                   |                                  |                              |                  |
| Remeasurements of post-employment benefit obligations, net of tax | -                    | -                          | -               | -               | -                 | (0.34)                           | -                            | (0.34)           |
| Net gain in debt instruments through other comprehensive income   | -                    | -                          | -               | -               | -                 | -                                | (3.08)                       | (3.08)           |
| Dividends paid (including corporate dividend tax)                 | -                    | -                          | -               | -               | (354.58)          | -                                | -                            | (354.58)         |
| <b>As at 31 March 2018</b>                                        | <b>1,473.17</b>      | <b>5,527.11</b>            | <b>169.15</b>   | <b>96.14</b>    | <b>4,383.66</b>   | <b>(3.25)</b>                    | <b>(2.79)</b>                | <b>11,643.19</b> |

The accompanying notes 1 to 34 form an integral part of these standalone financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

## For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

## per Anamitra Das

Partner

Membership No. 062191

Place : Gurugram

Date : 28 May 2018

## For and on behalf of the Board of Directors of IntraSoft Technologies Limited

### Arvind Kajaria

Managing Director  
(DIN: 00106901)

Place : Kolkata

Date : 28 May 2018

### Sharad Kajaria

Whole-time Director  
(DIN: 00108036)

### Mohit Kumar Jha

Chief Financial Officer

### Pranvesh Tripathi

Company Secretary

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in ₹ lacs, unless otherwise stated)

## 1 GENERAL INFORMATION

- a) IntraSoft Technologies Limited ('the Company') is a public limited company domiciled in India and registered under the provisions of the Companies Act, 1956. The Company is listed on Bombay Stock Exchange and National Stock Exchange of India Limited and is engaged in internet based delivery of services.

The Standalone Financial Statements for the year ended 31 March 2018 were approved for issue by the Board of Directors on 28 May 2018.

### b) Statement of compliance

These standalone financial statements are prepared in accordance with Indian Accounting Standards ('Ind AS') under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India ('SEBI'). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

For all periods up to and including the year ended 31 March 2017, the Company has prepared its standalone financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). These standalone financial statements for the year ended 31 March 2018 are the first which the Company has prepared in accordance with Ind AS (see note 34 for explanation for transition to Ind AS). For the purpose of comparatives, the standalone financial statements for the year ended 31 March 2017 are also prepared under Ind AS.

The Company has adopted all the Ind AS and the adoptions were carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, which was the previous GAAP. Reconciliations and descriptions of the effect due to the transition has been summarized in note 34.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

## 2 BASIS OF PREPARATION

- a) The standalone financial statements have been prepared on going concern basis under the historical cost basis except for certain financial assets and liabilities which are measured at fair value.

### b) Recent accounting pronouncements

Information on new standards, amendments and interpretations that are expected to be relevant to the standalone financial statements is provided below.

Ministry of Corporate Affairs vide notification dated 28 March 2018, has issued the Companies (Indian Accounting Standards) Amendments Rules, 2018. These amendment rules are effective from 1 April 2018.

#### Ind AS 115, Revenue from contracts with customers

With the notification of Ind AS 115, Ind AS 18 - Revenue have been withdrawn from the financial year beginning 1 April 2018 onwards and consequential amendments have also been made in other standards.

Ind AS 115 promotes to create a single model for revenue recognition for contracts. It applies to most revenue arrangements. Among other things, it changes the criteria for determining whether revenue is recognised at a point in time or over time. It provides a new contract-based five-step revenue model for revenue recognition and measurement. Ind AS 115 provides more detailed guidance on specific topics where existing revenue standards (Ind AS 18) are lacking such as multiple element arrangements, variable consideration, sale with a right to return, licensing arrangements etc. The Company is evaluating the requirements of the amendment and its impact on the standalone financial statements.

#### Appendix B Foreign currency transactions and advance consideration to Ind AS 21

Appendix B is inserted to Ind AS 21 - The effects of changes in foreign exchange rates. This appendix addresses the issue of determining the date of transaction for initial recognition of a foreign currency transactions (or part of it) under Ind AS 21, when an entity recognises a non-

monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income or part of it. It clarified that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition related asset, expense or income or part of it is the date on which an entity initially recognises the non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration in foreign currency. The Company is evaluating the requirements of the amendment and its impact on the standalone financial statements.

### 3 USE OF ESTIMATES

- a) The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the standalone financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for income taxes, classification of assets and liabilities into current and non-current and the useful lives of tangible and intangible assets. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

**b) Critical accounting estimates and judgements**

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the standalone financial statements.

**Evaluation of indicators for impairment of assets**

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Income taxes**

The Company's tax jurisdiction is in India. Significant judgements are involved in determining the provision for income taxes including amounts expected to be paid or recovered for uncertain tax positions. Refer note 24.

**Useful lives of depreciable or amortisable assets**

Management reviews its estimate of the useful lives of depreciable or amortisable assets at each reporting date, based its expected utility of those assets. Uncertainties in these estimates relate to technical and economic

obsolescence that may change the utility of certain items of property, plant and equipment.

**Measurement of defined benefit obligation (DBO)**

The costs of post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in note 20.

**Fair value measurements**

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions. Refer note 30 for details.

**Provisions and liabilities**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**Contingencies**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

### 4 THE STANDALONE FINANCIAL STATEMENTS HAVE BEEN PREPARED USING THE ACCOUNTING POLICIES AND MEASUREMENT BASIS SUMMARIZED BELOW.

**(a) Overall considerations**

The standalone financial statements have been prepared using the significant accounting policies and measurement basis that are in effect at 31 March 2017, as summarised below.

**(b) Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current or non-current classification.

An asset is classified as current when:

- it is expected to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it is held the asset primarily for the purpose of trading;
- it is expected to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it expects to settle the liability in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities, as the case may be.

Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

### (c) Foreign currency

#### Functional and presentation currency

The standalone financial statements are presented in Indian Rupee ('INR') which is also the functional and presentation currency of the Company.

#### Transactions and balances

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the fair values were determined.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the Statement of Profit and Loss in the year in which they arise.

### (d) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and it can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable net of rebate and taxes. The Company applies the revenue recognition criteria to each separately identifiable component of the sales transaction as set out below.

#### Sale of services

Revenue from services consists of revenue earned from contracts or agreements with the related parties, which are recognized as and when related services are performed and when no significant uncertainty exists regarding the collectability of revenue.

#### Interest income

Interest income is recognised using the effective interest rate (EIR) method.

#### Dividend income

Dividend income is recognized when the right to receive payment is established.

### (e) Property, plant and equipment

#### Recognition:

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by the management.

#### Subsequent measurement (depreciation and useful lives):

The Company depreciates property, plant and equipment on a pro-rata basis over their estimated useful lives using the straight-line method. The estimated useful lives of

the assets prescribed under Schedule II of the Act, are as follows:

| Category of asset      | Useful life (years) |
|------------------------|---------------------|
| Buildings              | 60                  |
| Furniture and fixtures | 10                  |
| Computer equipment     | 3 to 6              |
| Office equipment       | 5                   |
| Vehicles               | 8                   |

The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

Advances paid towards the acquisition property, plant and equipment outstanding as at each balance sheet date is classified as capital advance under other non-current assets and the cost of assets not put to use before such date are disclosed under Capital work-in-progress. Subsequent expenditures relating to property, plant and equipment are capitalised only when it is probable that the future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or upon retirement of the asset and resultant gains or losses are recognized in the Statement of Profit and Loss.

#### De-recognition:

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

#### Transition to Ind AS

Upon first-time adoption of Ind AS, the Company has elected to measure all its property, plant and equipment recognised as at 1 April 2016, as per the previous GAAP, and used the carrying amount as its deemed cost on the date of transition to Ind AS.

#### (f) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment. They are amortised over

their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors, including the affects of obsolescence, demand, competition and other economic factors (such as stability of the industry and know technological advances) and the level of maintenance expenditures required to obtain the future cash flows from the asset. Residual value, useful lives and amortisation method are reviewed annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

#### Transition to Ind AS

Upon first-time adoption of Ind AS, the Company has elected to measure all its intangible assets recognised as at 1 April 2016, as per the previous GAAP, and used the carrying amount as its deemed cost on the date of transition to Ind AS.

#### (g) Impairment of non-financial assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## (h) Financial instruments

### Classification:

The Company classifies its financial assets in the following measurement categories depending on the Company's business model for managing such financial assets and the contractual cash flow terms of the asset:

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

For assets measured at fair value, gains or losses are either recorded in the Statement of Profit and Loss or other comprehensive income. Investments in debt instruments are classified depending on the business model managing such investments. The Company re-classifies the debt investments when and only when there is a change in business model managing those assets.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through statement of profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

### Measurement:

At initial recognition, the Company measures a financial asset (other than those carried at fair value through profit or loss) at its fair value plus 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 the Statement of Profit and Loss as and when they are incurred.

## Financial assets

### Initial recognition and measurement:

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

### Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

- The Company's business model for managing the financial asset and,
- The contractual cash flow characteristics of the financial asset.

Financial assets carried at amortised cost - A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income - A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognised in other comprehensive income.

This category applies to investments by the Company in debt instruments. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income and impairment losses and its reversals in the Statement of Profit and Loss. On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to the Statement of Profit and Loss.

Financial assets at fair value through profit and loss

- A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the statement of profit and loss.

This category applies to investments by the Company in non-convertible debentures, perpetual bonds.

#### De-recognition of financial assets

##### A financial asset is de-recognized when:

- (i) Contractual right to receive cash flows from such financial asset expires;
- (ii) Company transfers the contractual right to receive cash flows from the financial asset; or
- (iii) Company retains the right to receive the contractual cash flows from the financial asset, but assumes a contractual obligation to pay such cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards associated with the ownership of the financial asset. In such cases, the financial asset is de-recognized. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognized.

Where the Company has neither transferred nor retained substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company does not retain control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in such financial asset.

#### Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the weighted-average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### Trade receivables

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL area portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date. ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

#### Other financial assets

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

#### Financial liabilities

##### Initial recognition and measurement

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition

of the financial liabilities is also adjusted. These liabilities are classified as amortised cost.

### Subsequent measurement

Subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

### De-recognition of financial liability

A financial liability is de-recognised when the underlying obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## (i) Investments in subsidiaries

Investment in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. On disposal of the investments, the difference between net disposal proceeds and the carrying amount is recognized in the Statement of Profit and Loss.

## (j) Taxation

Tax expense recognized in the Statement of Profit or Loss comprises the sum of deferred tax and current tax except the ones recognized in Other Comprehensive Income or directly in Equity.

### Current tax

Calculation of current tax is based on tax rates and tax laws that have been enacted for the reporting period. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in Other Comprehensive Income or in Equity). Current tax items are recognised in correlation to the underlying

transaction either in Other Comprehensive Income or directly in Equity.

Current income tax for current and prior periods is recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

The Company off-sets current tax assets and liabilities, where it has a legally enforceable right to set-off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### Minimum alternate tax

Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. MAT Credits are in the form of unused tax credits that are carried forward by the Company for a specified period of time. Accordingly, MAT Credit Entitlement has been grouped with deferred tax asset (net). Correspondingly, MAT credit entitlement has been grouped with deferred tax in the Statement of Profit and Loss.

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be 1available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets (including MAT credits) are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

**(k) Employee benefits expense:**

Expenses and liabilities in respect of employee benefits expense are recorded in accordance with Ind AS 19, Employee Benefits.

**Defined contribution plan:**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**Defined benefit plans:****Gratuity**

The defined benefit obligation for post employment benefit plan is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in Profit or Loss as past service cost.

**Other long-term employee benefits:****Compensated Absences**

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation using projected unit credit method on the additional amount expected to be paid or availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating

compensated absences is recognised in the period in which the absences occur.

The measurement of other long-term employee benefits is not usually subject to the same degree of uncertainty as the measurement of post-employment benefits. Hence the remeasurements are not recognised in Other Comprehensive Income.

**(l) Cash and cash equivalents**

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, cash at bank, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(m) Provisions, contingent liabilities and contingent assets****Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

**Contingent assets**

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

**(n) Earnings per equity share (EPS)**

Basic earnings per equity share is calculated by dividing the profit for the year attributable to equity holders of

the Company by the weighted average number of equity shares outstanding during the year. Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into.

Diluted earnings per equity share is calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

#### (o) Lease

##### As a lessee

##### Finance lease

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

Finance leases are capitalised at the commencement of the lease at fair value of the leased property or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule II to the Act, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule II to the Act.

##### Operating lease

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the

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

#### (p) Government grant

The Company is entitled to grants from state government in respect of state incentive scheme. Such subsidies are measured at amounts receivable from the government which are non-refundable and are recognized as income when there is a reasonable assurance that the Company will comply with all necessary conditions attached to them.

Government grants related to revenue are recognised on a systematic basis in net profit in the Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate.

#### (q) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and or disclosure purposes in the financial statements is determined on such basis.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

**(r) Borrowing costs**

Interest on borrowing is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable on the borrowing. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortized over the tenure of the respective borrowings. An unamortized borrowing cost remaining, if any, is fully expensed off as and when the related borrowing is prepaid or cancelled.

**(s) Dividends**

The final dividend on equity shares is recorded as a liability on the date of approval by the shareholders, and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

**(t) Events after reporting date**

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

**(u) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) of the Company. The CODM is responsible for allocating

resources and assessing performance of the operating segments of the Company.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. As per requirements of Ind AS 108, 'Segment Reporting', no disclosures are required to be made since the Company's activities consists of a single business segment of internet based delivery of services.

**(v) Transfer pricing**

In accordance with international transfer pricing regulations of the Income Tax Act, 1961, the Company is required to use certain specific methods in computing arm's length prices of international transactions with associated enterprises and maintain documentation in this respect. These regulations require that such information and documentation be to contemporaneous, including conducting a benchmark study to determine whether any transactions with associated enterprises undertaken are on an "arm's length basis". The Company is in the process of updating its transfer pricing study for the Financial year ended 31 March 2018. Management is of the opinion that the Company's international transactions are at arm's length. Consequently, no adjustments, if any, that may arise from this study are presently recorded in the standalone financial statements.

(All amounts in ₹ lacs, unless otherwise stated)

**5 (a) PROPERTY, PLANT AND EQUIPMENT**

|                                                                      | Buildings       | Furniture and fixtures | Computer equipment | Office equipment | Vehicles     | Total           |
|----------------------------------------------------------------------|-----------------|------------------------|--------------------|------------------|--------------|-----------------|
| <b>Gross block (Deemed cost)</b><br><b>[refer note (i) below]</b>    |                 |                        |                    |                  |              |                 |
| Balance as at 01 April 2016 [Refer note 34 (a)]                      | 1,282.79        | 240.59                 | 79.39              | 98.89            | 95.81        | 1,797.47        |
| Additions                                                            | -               | 75.44                  | 0.25               | 44.76            | -            | 120.45          |
| Disposals                                                            | -               | 13.00                  | 0.65               | 5.08             | 18.45        | 37.18           |
| <b>Balance as at 31 March 2017</b>                                   | <b>1,282.79</b> | <b>303.03</b>          | <b>78.99</b>       | <b>138.57</b>    | <b>77.36</b> | <b>1,880.74</b> |
| Additions                                                            | -               | 2.13                   | 2.74               | 8.24             | 12.60        | 25.71           |
| Disposals                                                            | -               | 8.57                   | 82.63              | 5.24             | -            | 96.44           |
| <b>Balance as at 31 March 2018</b>                                   | <b>1,282.79</b> | <b>296.59</b>          | <b>(0.90)</b>      | <b>141.57</b>    | <b>89.96</b> | <b>1,810.01</b> |
| <b>Accumulated depreciation (Deemed cost) [refer note (i) below]</b> |                 |                        |                    |                  |              |                 |
| Balance as at 01 April 2016 [Refer note 34 (a)]                      | -               | -                      | -                  | -                | -            | -               |
| Charge for the year                                                  | 21.71           | 31.41                  | 38.45              | 30.73            | 19.50        | 141.80          |
| Disposals                                                            | -               | 4.15                   | 0.56               | 4.55             | 16.48        | 25.74           |
| <b>Balance as at 31 March 2017</b>                                   | <b>21.71</b>    | <b>27.26</b>           | <b>37.89</b>       | <b>26.18</b>     | <b>3.02</b>  | <b>116.06</b>   |
| Charge for the year                                                  | 21.71           | 37.08                  | 24.66              | 31.55            | 18.27        | 133.27          |
| Disposals                                                            | -               | 4.84                   | 78.51              | 4.75             | -            | 88.10           |
| <b>Balance as at 31 March 2018</b>                                   | <b>43.42</b>    | <b>59.50</b>           | <b>(15.96)</b>     | <b>52.98</b>     | <b>21.29</b> | <b>161.23</b>   |
| <b>Net block</b>                                                     |                 |                        |                    |                  |              |                 |
| Balance as at 01 April 2016                                          | 1,282.79        | 240.59                 | 79.39              | 98.89            | 95.81        | 1,797.47        |
| <b>Balance as at 31 March 2017</b>                                   | <b>1,261.08</b> | <b>275.77</b>          | <b>41.10</b>       | <b>112.39</b>    | <b>74.34</b> | <b>1,764.68</b> |
| <b>Balance as at 31 March 2018</b>                                   | <b>1,239.37</b> | <b>237.09</b>          | <b>15.06</b>       | <b>88.59</b>     | <b>68.67</b> | <b>1,648.78</b> |

(All amounts in ₹ lacs, unless otherwise stated)

### 5 (b) OTHER INTANGIBLE ASSETS

|                                                         | Softwares    | Total        |
|---------------------------------------------------------|--------------|--------------|
| <b>Gross block (Deemed cost) [refer note (i) below]</b> |              |              |
| Balance as at 01 April 2016 [Refer note 34 (a)]         | 38.50        | 38.50        |
| Additions                                               | 5.96         | 5.96         |
| Disposals                                               | -            | -            |
| <b>Balance as at 31 March 2017</b>                      | <b>44.46</b> | <b>44.46</b> |
| Additions                                               | 0.43         | 0.43         |
| Disposals                                               | -            | -            |
| <b>Balance as at 31 March 2018</b>                      | <b>44.89</b> | <b>44.89</b> |
| <b>Accumulated amortisation</b>                         |              |              |
| Balance as at 01 April 2016 [Refer note 34 (a)]         | -            | -            |
| Charge for the year                                     | 9.80         | 9.80         |
| Disposals                                               | -            | -            |
| <b>Balance as at 31 March 2017</b>                      | <b>9.80</b>  | <b>9.80</b>  |
| Charge for the year                                     | 9.54         | 9.54         |
| Disposals                                               | -            | -            |
| <b>Balance as at 31 March 2018</b>                      | <b>19.34</b> | <b>19.34</b> |
| <b>Net block</b>                                        |              |              |
| Balance as at 01 April 2016                             | 38.50        | 38.50        |
| <b>Balance as at 31 March 2017</b>                      | <b>34.66</b> | <b>34.66</b> |
| <b>Balance as at 31 March 2018</b>                      | <b>25.55</b> | <b>25.55</b> |

**Notes:**

- i) Represents deemed cost as on the date of transition to Ind AS. Gross block and accumulated depreciation have been netted off.

### 5 (c) CAPITAL WORK-IN-PROGRESS

|                                                     | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-----------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>Opening balance at the beginning of the year</b> | -                      | 4.26                   | -                     |
| Additions during the year                           | -                      | 111.25                 | 150.62                |
| Less: Capitalised during the year                   | -                      | 115.51                 | 146.36                |
| <b>Balance as at year end</b>                       | -                      | -                      | 4.26                  |

(All amounts in ₹ lacs, unless otherwise stated)

**6 INVESTMENTS**

|                                                                                                                                                                                         | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(a) Non-current investments</b>                                                                                                                                                      |                        |                        |                       |
| <b>I Investments in Equity instruments (subsidiaries) [refer note (i) &amp; (iii) for details]</b>                                                                                      |                        |                        |                       |
| Unquoted, trade (Carried at cost)                                                                                                                                                       |                        |                        |                       |
| (i) 123Greetings.com, Inc.<br>[10,000,000 (31 March 2017 - 10,000,000; 1 April 2016 - 10,000,000)<br>common stock shares having face value of USD 0.01 each fully paid-up]              | 43.15                  | 43.15                  | 43.15                 |
| (ii) One Two Three Greetings (India) Private Limited<br>[2,000,000 (31 March 2017 - 2,000,000; 1 April 2016 - 2,000,000)<br>equity shares having face value of ₹ 10 each fully paid-up] | 200.00                 | 200.00                 | 200.00                |
| (iii) IntraSoft Ventures Pte. Limited<br>[1,450,000 (31 March 2017 - 1,400,000; 1 April 2016 - 1,400,000)<br>shares having face value of SGD 1.00 each fully paid-up]                   | 641.10                 | 618.02                 | 618.02                |
| <b>II Investments in non-convertible debentures/bonds</b>                                                                                                                               |                        |                        |                       |
| Quoted, non-trade<br>(Designated at Fair Value Through Other Comprehensive Income)                                                                                                      |                        |                        |                       |
| (i) Srei Infrastructure Finance Limited (10.20% NCD)<br>(50 units having face value of ₹ 1,000,000 each fully paid-up)                                                                  | 499.90                 | 499.44                 | 498.80                |
| (ii) Edelweiss Retail Finance Limited (8.75% NCD)<br>(25,000 units having face value of ₹ 1,000 each fully paid-up)                                                                     | 250.54                 | -                      | -                     |
| (iii) State Bank of India (8.15% AT1 Bond Issue Series IV) (20 units having<br>face value of ₹ 1,000,000 each)                                                                          | 203.88                 | -                      | -                     |
| (iv) Axis Bank Limited (8.75% Additional Tier 1 Bonds Series 26) (20 units<br>having face value of ₹ 1,000,000 each)                                                                    | 200.32                 | -                      | -                     |
| (v) HDFC Bank Limited (8.85% Perpetual Bonds Series 1/2017-18) (20<br>units having face value of ₹ 1,000,000 each)                                                                      | 217.69                 | -                      | -                     |
| <b>III Deemed investments<br/>(measured at fair value)</b>                                                                                                                              |                        |                        |                       |
| 123Stores, Inc. (refer note (ii) below)                                                                                                                                                 | 185.34                 | 185.34                 | 185.34                |
| <b>Total non-current investments</b>                                                                                                                                                    | <b>2,441.92</b>        | 1,545.95               | 1,545.31              |
| <b>Other disclosures for non-current investments:</b>                                                                                                                                   |                        |                        |                       |
| Aggregate amount of quoted investments and market value thereof                                                                                                                         | 1,372.33               | 499.44                 | 498.80                |
| Aggregate amount of unquoted investments                                                                                                                                                | 884.25                 | 861.17                 | 861.17                |
| Aggregate amount of impairment in value of investments                                                                                                                                  | -                      | -                      | -                     |

**Notes:**

- As at the Balance Sheet date, none of the investments in equity instruments have been impaired.
- The Company has given a corporate guarantee to CITI Bank N.A, on behalf of its step-down subsidiary, 123Stores Inc., amounting to ₹ 3200 lacs in India, for the loan taken by its step-down subsidiary. 123Stores Inc. has obtained a loan amounting to USD 5 million from CITI Bank N.A. The financial guarantee has been fair valued as per IND AS 109.
- The Company has measured its investment in subsidiaries at cost in accordance with Ind AS 27 - Separate Financial Statements.

(All amounts in ₹ lacs, unless otherwise stated)

**6 INVESTMENTS (Contd...)**

|                                                         | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(b) Current investments</b>                          |                        |                        |                       |
| <b>Investments in mutual funds:</b>                     |                        |                        |                       |
| Quoted (Measured at Fair Value Through Profit and Loss) |                        |                        |                       |
| Debt Mutual funds (refer (i) below for details)         | 5,816.42               | 6,700.50               | 5,449.20              |
|                                                         | 5,816.42               | 6,700.50               | 5,449.20              |
| <b>Other disclosures for current investments:</b>       |                        |                        |                       |
| Aggregate amount of quoted investments, and             | 5,816.42               | 6,700.50               | 5,449.20              |
| Aggregate amount of impairment in value of investments  | -                      | -                      | -                     |
| <b>Particulars</b>                                      | <b>Units</b>           | <b>Amount</b>          |                       |
| <b>(i) Investments in Mutual Funds</b>                  |                        |                        |                       |
| <b>(a) Balance as at 31 March 2018:</b>                 |                        |                        |                       |
| Birla Sun Life Corporate Bond Fund (Growth)             | 4,371,903              | 565.75                 |                       |
| HDFC Regular Saving (Growth)                            | 2,162,253              | 744.55                 |                       |
| HDFC Corporate Debt Opportunities Fund (Growth)         | 1,533,588              | 229.02                 |                       |
| HDFC Cash Management Fund Savings Plan (Growth)         | 2,959                  | 107.24                 |                       |
| ICICI Prudential Corporate Bond Fund (Growth)           | 1,975,881              | 534.35                 |                       |
| ICICI Prudential Regular Saving Fund (Growth)           | 805,545                | 149.63                 |                       |
| ICICI Prudential Regular Saving Fund (Growth)           | 1,163,357              | 226.56                 |                       |
| IDFC Super Saver Income Fund Investment Plan (Growth)   | 848,263                | 350.14                 |                       |
| L&T Resurgent India Corporate Bond Fund (Growth)        | 7,391,564              | 960.87                 |                       |
| Reliance Corporate Bond Fund (Dividend)                 | 8,987,119              | 961.50                 |                       |
| Reliance Dynamic Bond Fund (Dividend)                   | 4,001,953              | 415.06                 |                       |
| Franklin India Low Duration Fund (Dividend)             | 358,850                | 72.83                  |                       |
| Franklin India Short Term Income Plan (Growth)          | 12,668                 | 484.31                 |                       |
| UTI Income Opportunity Fund Direct Plan (Growth)        | 86,536                 | 14.61                  |                       |
|                                                         |                        | <b>5,816.42</b>        |                       |
| <b>(b) Balance as at 31 March 2017:</b>                 |                        |                        |                       |
| Birla Sunlife Corporate Bond Fund (Growth)              | 3,349,803              | 400.78                 |                       |
| Birla Sunlife Short-term Opportunities Fund (Growth)    | 1,846,061              | 500.90                 |                       |
| DSP Blackrock Income Opportunities Fund (Dividend)      | 6,160,441              | 688.66                 |                       |
| HDFC Short Term Plan - Regular Plan (Growth)            | 2,162,630              | 700.90                 |                       |
| ICICI Prudential Corporate Bond Fund (Growth)           | 1,975,894              | 501.25                 |                       |
| IDFC Super Saver Income Fund Investment Plan (Growth)   | 990,783                | 400.66                 |                       |
| Kotak Medium Term Fund (Growth)                         | 2,907,993              | 393.68                 |                       |
| L & T Income Opportunities Fund (Dividend)              | 3,354,783              | 369.52                 |                       |
| L & T Resurgent India Corporate Bond Fund (Growth)      | 7,391,590              | 905.45                 |                       |
| Reliance Corporate Bond Fund (Growth)                   | 6,865,041              | 903.84                 |                       |
| Reliance Dynamic Bond Fund (Growth)                     | 1,791,248              | 400.53                 |                       |
| Reliance Regular Savings Fund (Dividend)                | 1,626,672              | 214.13                 |                       |
| Kotak Low Duration Fund (Growth)                        | 16,151                 | 320.20                 |                       |
|                                                         |                        | <b>6,700.50</b>        |                       |

(All amounts in ₹ lacs, unless otherwise stated)

**6 INVESTMENTS (Contd...)**

| Particulars                                       | Units     | Amount          |
|---------------------------------------------------|-----------|-----------------|
| <b>(c) Balance as at 01 April 2016:</b>           |           |                 |
| DSP BlackRock Income Opportunity Funds (Growth)   | 6,243,642 | 1,528.24        |
| Kotak Low Duration Funds (Growth)                 | 61,664    | 1,123.26        |
| L&T Income Opportunities Fund (Growth)            | 6,491,263 | 1,099.33        |
| Reliance Regular Saving Fund - Debt Plan (Growth) | 8,224,215 | 1,698.37        |
|                                                   |           | <b>5,449.20</b> |

**7 LOANS**

|                                               | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-----------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(a) Non-current:</b>                       |                        |                        |                       |
| <b>(Unsecured, considered good)</b>           |                        |                        |                       |
| Security deposits                             | <b>10.50</b>           | 11.26                  | 10.67                 |
|                                               | <b>10.50</b>           | 11.26                  | 10.67                 |
| <b>(b) Current:</b>                           |                        |                        |                       |
| <b>(Unsecured, considered good)</b>           |                        |                        |                       |
| Loan to subsidiaries (refer note (i) below)   | <b>75.00</b>           | 85.00                  | 447.33                |
| Loan to other parties (refer note (ii) below) | -                      | 169.93                 | 207.00                |
| Loan to employees                             | <b>0.59</b>            | 2.27                   | 16.37                 |
|                                               | <b>75.59</b>           | 257.20                 | 670.70                |

**(i) Loans to subsidiaries**

The Company had given an unsecured loan to IntraSoft Ventures Pte. Limited for business purposes, amounting to Nil (31 March 2017 - Nil; 01 April 2016 - ₹ 351.13 lacs). The same was repayable on demand and carries an interest rate of 8% p.a. Interest accrued on the same amounts to Nil (31 March 2017 - Nil; 01 April 2016 - ₹ 6.20 lacs)

The Company has given an interest free, unsecured loan to One Two Three Greetings (India) Private Limited for working capital requirement, amounting to ₹ 75 lacs (31 March 2017 - ₹ 85 lacs; 01 April 2016 - ₹ 90 lacs). The same is repayable on demand.

**Disclosure as per clause 34(3), clause 53 (f) and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

| Name of the company                          | Amount<br>outstanding<br>as at 31<br>March 2018 | Maximum balance<br>outstanding during<br>the year ended 31<br>March 2018 | Amount<br>outstanding<br>as at 31<br>March 2017 | Maximum balance<br>outstanding during<br>the year ended 31<br>March 2017 |
|----------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------------|
| One Two Three Greetings (India) Pvt. Limited | 75.00                                           | 85.00                                                                    | 85.00                                           | 90.00                                                                    |

**(ii) Loans to other parties**

The Company had given an unsecured loan to a body corporate amounting to Nil (31 March 2017 - ₹ 157 lacs; 01 April 2016 - ₹ 200.20 lacs). Interest accrued on the same amounts to Nil (31 March 2017 - ₹ 12.93 lacs; 01 April 2016 - ₹ 6.80 lacs).

(All amounts in ₹ lacs, unless otherwise stated)

**8 OTHER FINANCIAL ASSETS**

|                                                     | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-----------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>Current<br/>(Unsecured, considered good)</b>     |                        |                        |                       |
| Advance against financial assets (Refer note below) | 50.00                  | -                      | -                     |
|                                                     | 50.00                  | -                      | -                     |

Note: The Company has given an advance of ₹ 50 Lacs towards investment in Mutual Fund which has been allotted after 31 March 2018 and hence disclosed under other financial assets

**9 OTHER ASSETS**

|                                                         | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(a) Non-current<br/>(Unsecured, considered good)</b> |                        |                        |                       |
| Balances with Government Authorities (Refer note below) | 283.25                 | 271.18                 | 386.82                |
| Prepaid expenses                                        | 8.09                   | 8.78                   | 9.46                  |
|                                                         | 291.34                 | 279.96                 | 396.28                |

Note: Balances with Government Authorities primarily include amounts realisable from goods and services tax and transitional credit carried forward under the goods and services tax regime. These are expected to be realised in the future by off-setting the same against the output services tax liability on services rendered by the Company. Accordingly these balances have been classified as non current assets.

|                                                     |       |       |       |
|-----------------------------------------------------|-------|-------|-------|
| <b>(b) Current<br/>(Unsecured, considered good)</b> |       |       |       |
| Advance to suppliers                                | 0.51  | 7.74  | 4.15  |
| Other advances                                      | 3.44  | 0.42  | 3.41  |
| Prepaid expenses                                    | 10.74 | 13.72 | 33.66 |
| Other interest accrued                              | 4.64  | -     | -     |
|                                                     | 19.33 | 21.88 | 41.22 |

**10 TRADE RECEIVABLES**

|                                                             | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-------------------------------------------------------------|------------------------|------------------------|-----------------------|
| Dues from subsidiary companies (Unsecured, considered good) | 103.48                 | 159.39                 | 1,182.02              |
|                                                             | 103.48                 | 159.39                 | 1,182.02              |

(All amounts in ₹ lacs, unless otherwise stated)

**11 CASH AND BANK BALANCES**

|                                                          | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|----------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(a) Cash and cash equivalents</b>                     |                        |                        |                       |
| Cash on hand                                             | 0.34                   | 0.20                   | 0.23                  |
| Balances with banks                                      |                        |                        |                       |
| - In current account                                     | 19.27                  | 9.91                   | 16.31                 |
| - Cheques in hand                                        | 50.00                  | -                      | -                     |
|                                                          | 69.61                  | 10.11                  | 16.54                 |
| <b>(b) Other bank balances</b>                           |                        |                        |                       |
| Unpaid dividend account [refer note (i) and (iii) below] | 6.29                   | 5.71                   | 4.54                  |
| Employees deposit account                                | 1.82                   | 1.82                   | 32.45                 |
| Fixed deposits [refer note (ii) below]                   | 30.00                  | -                      | -                     |
|                                                          | 38.11                  | 7.53                   | 36.99                 |

Notes:

- (i) The Company can utilise these balances only towards settlement of unclaimed dividends.
- (ii) The Company has deposited ₹30 Lacs against fixed deposit with HDFC Bank for bank guarantee issued in favour of Santosh Promoters Pvt. Limited as per the order of Supreme Court dated 01 May 2017.
- (iii) The Company has transferred an amount of ₹0.90 lacs of unpaid dividend to the Investor Education and Protection fund for the financial year 2009-10.

**12 EQUITY SHARE CAPITAL**

|                                             | As at 31 March 2018 |          | As at 31 March 2017 |          | As at 1 April 2016 |          |
|---------------------------------------------|---------------------|----------|---------------------|----------|--------------------|----------|
|                                             | Number              | Amount   | Number              | Amount   | Number             | Amount   |
| <b>Authorized share capital</b>             |                     |          |                     |          |                    |          |
| Equity shares of ₹ 10 each                  | 252.50              | 2,525.00 | 252.50              | 2,525.00 | 252.50             | 2,525.00 |
| <b>Issued, subscribed and fully paid up</b> |                     |          |                     |          |                    |          |
| Equity shares of ₹ 10 each                  | 147.32              | 1,473.17 | 147.32              | 1,473.17 | 147.32             | 1,473.17 |
|                                             | 147.32              | 1,473.17 | 147.32              | 1,473.17 | 147.32             | 1,473.17 |

**(a) Reconciliation of equity share capital**

There is no movement in the equity share capital during the current and comparative periods.

**(b) Terms and rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts if any. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

- (c) No additional shares were allotted as fully paid up by way of bonus shares or pursuant to contract without payment being received in cash during the last five years. Further, none of the shares were bought back by the Company during the last five years.

(All amounts in ₹ lacs, unless otherwise stated)

**(d) Details of shareholders holding more than 5% of the aggregate shares in the Company:**

| Name of the shareholders                        | As at 31 March 2018 |        | As at 31 March 2017 |        | As at 1 April 2016 |        |
|-------------------------------------------------|---------------------|--------|---------------------|--------|--------------------|--------|
|                                                 | Number              | Amount | Number              | Amount | Number             | Amount |
| <b>Fully paid-up equity shares of ₹ 10 each</b> |                     |        |                     |        |                    |        |
| Arvind Kajaria                                  | 28.00               | 19%    | 28.00               | 19%    | 28.00              | 19%    |
| Sharad Kajaria                                  | 28.00               | 19%    | 28.00               | 19%    | 28.00              | 19%    |
| Intel Capital (Mauritius) Limited               | -                   | -      | -                   | -      | 15.35              | 10%    |
| Padma Kajaria                                   | 14.00               | 10%    | 14.00               | 10%    | 14.00              | 10%    |

- (e)** The Board of Directors at its meeting held on 28 May 2018 proposed a dividend of ₹ 2 per equity share (31 March 2017: ₹ 2 per equity share) amounting to ₹ 355.20 lacs (31 March 2017: ₹ 354.58 lacs) including dividend distribution tax of ₹ 60.57 lacs (31 March 2017: ₹ 59.95 lacs). The proposed dividend by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

### 13 OTHER EQUITY

|                                              | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|----------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(a) Other reserves</b>                    |                        |                        |                       |
| Capital reserve                              | 96.14                  | 96.14                  | 96.14                 |
| General reserve                              | 169.15                 | 169.15                 | 169.15                |
| Securities premium                           | 5,527.11               | 5,527.11               | 5,527.11              |
| Retained earnings                            | 4,383.66               | 4,613.22               | 4,573.48              |
| <b>(b) Other comprehensive income</b>        |                        |                        |                       |
| - Remeasurements of defined benefit plans    | (3.25)                 | (2.91)                 | -                     |
| - Fair value of debt instruments through OCI | (2.79)                 | 0.29                   | -                     |
|                                              | 10,170.02              | 10,403.00              | 10,365.88             |

**(c) Nature and purpose of reserves**

**Capital reserve**

The Company has transferred the net surplus arising from amalgamation in accordance with the terms of Scheme of amalgamation.

**General reserve**

The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

**Securities premium**

The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.

**Debt instruments through Other Comprehensive Income:**

The debt instruments are measured at fair value and the change is recognised through Other Comprehensive Income. Upon derecognition, the cumulative fair value changes on the said instruments are reclassified to the Statement of Profit and Loss.

(All amounts in ₹ lacs, unless otherwise stated)

**14 BORROWINGS**

|                                    | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|------------------------------------|------------------------|------------------------|-----------------------|
| <b>Current</b>                     |                        |                        |                       |
| Secured                            |                        |                        |                       |
| <b>Term loans</b>                  |                        |                        |                       |
| - From Bank (refer note (i) below) | -                      | -                      | 330.00                |
|                                    | -                      | -                      | 330.00                |

**Note:**

(i) Term loan from Barclays Bank PLC:

The Company obtained a term loan from Barclays Bank PLC amounting to Nil (31 March 2017 - Nil; 01 April 2016 - INR 330 lacs) which was repaid on 02 January 2017 along with interest. It carried an interest rate of 9.95% p.a. The above loan was secured by way of pledge of investments in debentures of the Company.

**15 OTHER FINANCIAL LIABILITIES**

|                                       | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------------------------|------------------------|------------------------|-----------------------|
| <b>Current</b>                        |                        |                        |                       |
| Accrued expenses                      | 43.21                  | 33.79                  | 32.71                 |
| Capital creditors                     | -                      | 13.90                  | 3.75                  |
| Current maturities of borrowings      | -                      | -                      | 19.19                 |
| Interest accrued but not due on debts | -                      | -                      | 2.79                  |
| Dues to employees                     | 84.31                  | 95.80                  | 90.79                 |
| Deposit from employees                | 1.82                   | 1.82                   | 32.45                 |
| Unpaid dividend (refer note below)    | 6.29                   | 5.71                   | 4.54                  |
|                                       | 135.63                 | 151.02                 | 186.22                |

Note: Not due for transfer to Investor Education and Protection Fund.

(All amounts in ₹ lacs, unless otherwise stated)

## 16 PROVISIONS

|                                                      | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(a) Non-current</b>                               |                        |                        |                       |
| <b>Provision for employee benefits:</b>              |                        |                        |                       |
| - Provision for gratuity (refer note 20)             | 60.09                  | 49.91                  | 36.65                 |
| - Provision for compensated absences (refer note 20) | 14.42                  | 15.96                  | 6.90                  |
|                                                      | 74.51                  | 65.87                  | 43.55                 |
| <b>(b) Current</b>                                   |                        |                        |                       |
| <b>Provision for employee benefits:</b>              |                        |                        |                       |
| - Provision for gratuity (refer note 20)             | 2.15                   | 1.52                   | 1.11                  |
| - Provision for compensated absences (refer note 20) | 0.91                   | 0.97                   | 0.25                  |
|                                                      | 3.06                   | 2.49                   | 1.36                  |

## 17 OTHER LIABILITIES

|                                                                                                                                                                                                                                                                                                                                                                       | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(a) Non-current</b>                                                                                                                                                                                                                                                                                                                                                |                        |                        |                       |
| <b>Advances:</b>                                                                                                                                                                                                                                                                                                                                                      |                        |                        |                       |
| Advance from related parties (refer note 28)                                                                                                                                                                                                                                                                                                                          | 267.37                 | 270.91                 | 277.82                |
| <b>Others:</b>                                                                                                                                                                                                                                                                                                                                                        |                        |                        |                       |
| Liability for financial guarantee to subsidiary (refer note below)                                                                                                                                                                                                                                                                                                    | -                      | 36.00                  | 100.72                |
| Deferred revenue income recognised for government grant received                                                                                                                                                                                                                                                                                                      | 105.49                 | -                      | -                     |
|                                                                                                                                                                                                                                                                                                                                                                       | 372.86                 | 306.91                 | 378.54                |
| <b>Note:</b> The Company has given a corporate guarantee to CITI Bank N.A, on behalf of its step-down subsidiary, 123Stores Inc., amounting to ₹3200 lacs in India, for the loan taken by its step-down subsidiary. 123Stores Inc. has obtained a loan amounting to USD 5 million from CITI Bank N.A. The financial guarantee has been fair valued as per IND AS 109. |                        |                        |                       |
| <b>(b) Current</b>                                                                                                                                                                                                                                                                                                                                                    |                        |                        |                       |
| <b>Others</b>                                                                                                                                                                                                                                                                                                                                                         |                        |                        |                       |
| Liability for financial guarantee to subsidiary (refer note above)                                                                                                                                                                                                                                                                                                    | 36.00                  | 64.73                  | 58.61                 |
| Statutory dues                                                                                                                                                                                                                                                                                                                                                        | 23.68                  | 19.06                  | 11.58                 |
| Deferred revenue income recognised for government grant received                                                                                                                                                                                                                                                                                                      | 2.00                   | -                      | -                     |
|                                                                                                                                                                                                                                                                                                                                                                       | 61.68                  | 83.79                  | 70.19                 |

(All amounts in ₹ lacs, unless otherwise stated)

**18 REVENUE FROM OPERATIONS**

|                     | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|---------------------|-----------------------------|-----------------------------|
| IT enabled services | 953.58                      | 1,199.15                    |
|                     | <b>953.58</b>               | 1,199.15                    |

**19 OTHER INCOME**

|                                                                      | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|----------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>Interest income:</b>                                              |                             |                             |
| - Financial assets carried at amortised cost                         | 13.40                       | 14.39                       |
| - Investments in debt instruments measured at FVOCI                  | 57.80                       | 51.00                       |
| - On loans to subsidiaries (refer note 28)                           | -                           | 9.54                        |
| - Others                                                             | 8.63                        | 14.75                       |
| <b>Dividend income:</b>                                              |                             |                             |
| - Dividends from mutual fund investments measured at FVTPL           | 6.39                        | 62.49                       |
| <b>Other gains and losses:</b>                                       |                             |                             |
| - Net gain on sale of investments measured at FVTPL                  | 397.27                      | 559.66                      |
| - Net loss arising on remeasurement of investments measured at FVTPL | (14.45)                     | (71.05)                     |
| <b>Others</b>                                                        |                             |                             |
| - Net foreign exchange gain (other than considered as finance cost)  | -                           | 14.87                       |
| - Other miscellaneous income                                         | 33.83                       | 0.01                        |
| - Profit on sale of property, plant and equipment, net               | 4.60                        | -                           |
| - Unwinding of financial guarantee (refer note 17)                   | 72.48                       | 72.48                       |
|                                                                      | <b>579.95</b>               | 728.14                      |

**20 EMPLOYEE BENEFITS EXPENSE**

|                                                                  | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|------------------------------------------------------------------|-----------------------------|-----------------------------|
| Salaries, allowances and other benefits                          | 808.58                      | 862.25                      |
| Contribution to provident and other funds (refer note (a) below) | 23.93                       | 23.06                       |
| Staff welfare expenses                                           | 3.74                        | 4.11                        |
|                                                                  | <b>836.25</b>               | 889.42                      |

**(a) Defined contribution plans**

Eligible employees of the Company receive benefits under the provident fund which is a defined contribution plan wherein both the employee and the Company make monthly contributions equal to a specific percentage of covered employees' salary. These contributions are made to the fund administered and managed by the Government of India and the Company has no further obligation beyond making its contribution. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period in which they are incurred.

(All amounts in ₹ lacs, unless otherwise stated)

**(b) Defined benefits plan**

Gratuity is a post employment benefit and is a defined benefit plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972 ('the Act'). The liability recognised in the balance sheet represents the present value of the defined benefit obligation at the balance sheet date, together with adjustment for unrecognised actuarial gains or losses and past service cost. Independent actuaries calculate the defined benefit obligation annually using the Projected Unit Credit Method. Actuarial gains and losses are credited/ charged to the Statement of Other Comprehensive Income in the year in which such gains or losses arise.

| Gratuity                                                                                              |                             |                             |
|-------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
|                                                                                                       | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
| <b>(i) Defined benefits obligations recognised:</b>                                                   |                             |                             |
| <b>Present value of obligation:</b>                                                                   |                             |                             |
| - Current                                                                                             | 2.15                        | 1.52                        |
| - Non-current                                                                                         | 60.08                       | 49.91                       |
|                                                                                                       | <b>62.23</b>                | 51.43                       |
| <b>(ii) Movement in the present value of defined benefit obligations:</b>                             |                             |                             |
| Balance at the beginning of the year                                                                  | 51.43                       | 37.74                       |
| Current service cost                                                                                  | 6.14                        | 6.35                        |
| Past service cost                                                                                     | 8.09                        | -                           |
| Interest cost                                                                                         | 3.80                        | 2.99                        |
| Actuarial (gain)/loss arising from assumption changes                                                 | (2.07)                      | 3.16                        |
| Actuarial (gain)/loss arising from experience adjustments                                             | 2.54                        | 1.19                        |
| Benefits paid                                                                                         | (7.70)                      | -                           |
| <b>Obligations at the end of the year</b>                                                             | <b>62.23</b>                | <b>51.43</b>                |
| <b>(iii) Components of the net cost charged to the statement of profit and loss:</b>                  |                             |                             |
| Current service cost                                                                                  | 6.14                        | 6.35                        |
| Past service cost                                                                                     | 8.09                        | -                           |
| Interest cost                                                                                         | 3.80                        | 2.99                        |
|                                                                                                       | <b>18.03</b>                | <b>9.34</b>                 |
| <b>(iv) Remeasurement of the net defined benefit plans to be taken to Other Comprehensive Income:</b> |                             |                             |
| Actuarial (gain)/loss arising from assumption changes                                                 | (2.07)                      | 3.16                        |
| Actuarial (gain)/loss arising from experience adjustments                                             | 2.54                        | 1.19                        |
|                                                                                                       | <b>0.47</b>                 | 4.35                        |

(All amounts in ₹ lacs, unless otherwise stated)

|                                                               | Compensated absences        |                             | Gratuity                    |                             |
|---------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                                               | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
| <b>(v) Assumptions</b>                                        |                             |                             |                             |                             |
| Discount rate (refer note below)                              | 7.70%                       | 7.40%                       | 7.70%                       | 7.40%                       |
| Salary escalation rate                                        | 5.00%                       | 5.00%                       | 5.00%                       | 5.00%                       |
| Withdrawal rate per annum                                     | 2.00%                       | 2.00%                       | 2.00%                       | 2.00%                       |
| Expected average remaining working lives of employees (years) | 22.46                       | 25.28                       | 22.46                       | 25.28                       |
| Mortality rate                                                | IALM 06-08<br>Ultimate      | IALM 06-08<br>Ultimate      | IALM 06-08<br>Ultimate      | IALM 06-08<br>Ultimate      |
| Retirement age                                                | 58 years                    | 58 years                    | 58 years                    | 58 years                    |

**Note:** The assumption of discount rate is based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities. Future salary increase rate takes into account the inflation, seniority, promotion and other relevant factors on long term basis.

**(vi) Experience adjustments**

| Particulars                                            | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 | Year ended<br>31 March 2014 |
|--------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Defined benefit obligation at the end of the year      | 62.23                       | 51.43                       | 37.75                       | 56.21                       | 36.76                       |
| Experience gain/(loss) adjustments on plan liabilities | 2.54                        | 1.19                        | (13.19)                     | (1.71)                      | (0.35)                      |

**(vii) Sensitivity analysis**

|                                         | Compensated absences        |                             | Gratuity                    |                             |
|-----------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                         | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
| Discount rate - Decrease by 1%          | 17.05                       | 18.93                       | 70.42                       | 58.66                       |
| Discount rate - Increase by 1%          | 13.86                       | 15.24                       | 55.31                       | 45.39                       |
| Salary escalation rate - Decrease by 1% | 13.71                       | 15.08                       | 55.85                       | 46.07                       |
| Salary escalation rate - Increase by 1% | 17.20                       | 19.09                       | 69.31                       | 57.29                       |

**Methods and assumptions used in preparing sensitivity analysis and their limitations:**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality.

**(viii) Maturity analysis of the benefit payments:**

Weighted average duration of gratuity plan is 13 years however the duration for Compensated absences plan is 11 years. Expected benefits payments for each such plans over the years is given in table below:

|                    | Compensated absences        |                             | Gratuity                    |                             |
|--------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Particulars        | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
| Year 1             | 0.91                        | 0.97                        | 2.15                        | 1.52                        |
| 2 to 5 years       | 3.77                        | 4.04                        | 9.38                        | 7.28                        |
| 6 to 10 years      | 5.65                        | 5.41                        | 33.13                       | 18.22                       |
| More than 10 years | 30.42                       | 35.34                       | 143.15                      | 132.47                      |

(All amounts in ₹ lacs, unless otherwise stated)

**(c) Aforesaid post-employment benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.**

|                 |                                                                                                                                                                                                                                                                                  |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investment risk | The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.                                                                                 |
| Interest risk   | A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.                                                                                                            |
| Longevity risk  | The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk     | The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.                                                           |

## 21 FINANCE COST

|                                                                 | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-----------------------------------------------------------------|-----------------------------|-----------------------------|
| Interest on financial liabilities carried at amortised cost (*) | -                           | 13.90                       |
| Other borrowing costs                                           | 0.07                        | 27.93                       |
| Amortisation of financial guarantee (refer note 17)             | 7.75                        | 13.87                       |
|                                                                 | <b>7.82</b>                 | 55.70                       |

(\*) Calculated using effective interest rate (EIR) method.

## 22 DEPRECIATION AND AMORTIZATION EXPENSES

|                                                                  | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|------------------------------------------------------------------|-----------------------------|-----------------------------|
| Depreciation on property, plant and equipment (refer note 5 (a)) | 133.27                      | 141.80                      |
| Amortisation of other intangible assets (refer note 5 (b))       | 9.54                        | 9.80                        |
|                                                                  | <b>142.81</b>               | 151.60                      |

## 23 OTHER EXPENSES

|                                               | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-----------------------------------------------|-----------------------------|-----------------------------|
| Electricity charges                           | 48.34                       | 42.45                       |
| Office expenses                               | 19.40                       | 23.62                       |
| Rent (refer note 27)                          | 50.38                       | 50.25                       |
| <b>Repairs and maintenance:</b>               |                             |                             |
| - Others                                      | 24.24                       | 24.16                       |
| Insurance                                     | 2.44                        | 2.75                        |
| Rates and taxes                               | 17.22                       | 17.20                       |
| Travelling expenses                           | 66.31                       | 39.90                       |
| Legal and professional charges                | 113.29                      | 105.08                      |
| Auditor's remuneration [refer note (a) below] | 14.98                       | 20.35                       |
| Director's sitting fees                       | 9.80                        | 8.40                        |
| Telephone and other communication expenses    | 15.32                       | 18.88                       |
| Statutory release and publications            | 4.87                        | 15.23                       |

(All amounts in ₹ lacs, unless otherwise stated)

|                                                           | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-----------------------------------------------------------|-----------------------------|-----------------------------|
| Loss on sale of property, plant and equipment, net        | -                           | 6.21                        |
| Net loss on foreign currency transactions and translation | 1.67                        | -                           |
| Miscellaneous expenses                                    | 38.49                       | 31.88                       |
|                                                           | 426.75                      | 406.36                      |

**(a) Auditor's remuneration (excluding taxes)**

|                        | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|------------------------|-----------------------------|-----------------------------|
| Statutory audit        | 13.00                       | 13.00                       |
| Tax audit              | 0.60                        | 0.60                        |
| Other services         | 0.58                        | 5.54                        |
| Out of pocket expenses | 0.80                        | 1.21                        |
|                        | 14.98                       | 20.35                       |

**24 TAX EXPENSES**

|                                                                                         | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-----------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>(a) Income tax in the Statement of Profit and Loss:</b>                              |                             |                             |
| Current tax                                                                             | 27.19                       | 81.28                       |
| Deferred tax:                                                                           |                             |                             |
| - Deferred tax charge / (credit)                                                        | (5.12)                      | 6.55                        |
| - MAT credit entitlement                                                                | (27.19)                     | (81.28)                     |
| Tax pertaining to previous years                                                        | -                           | 23.30                       |
|                                                                                         | (5.12)                      | 29.85                       |
| <b>(b) Income tax recognised in other comprehensive income comprises:</b>               |                             |                             |
| Deferred tax on remeasurement of post-employment benefit obligations                    | 0.13                        | 1.44                        |
| Deferred tax on fair value gains on investments in debt instruments through OCI         | 1.17                        | (0.14)                      |
|                                                                                         | 1.30                        | 1.30                        |
| <b>(c) Reconciliation of income tax expense and the accounting profit for the year:</b> |                             |                             |
| Profit before tax                                                                       | 119.90                      | 424.21                      |
| Enacted tax rates (%)                                                                   | 27.55%                      | 33.06%                      |
| Computed expected tax expense                                                           | 33.04                       | 140.26                      |
| Effect due to adjustment of unabsorbed losses                                           | (12.72)                     | (114.57)                    |
| Effect due to non-taxable income for Indian Tax purpose                                 | (1.76)                      | (20.66)                     |
| Effect due to non-deductible expenses                                                   | 0.64                        | 7.76                        |
| Effect due to change in enacted tax rate                                                | (24.15)                     | (4.46)                      |
| Adjustment for tax relating to earlier years                                            | -                           | 23.30                       |
| Effect of tax on account of Ind AS adjustments                                          | (2.13)                      | (2.41)                      |
| Others                                                                                  | 1.96                        | 0.63                        |
| Total income tax expense as per the Statement of Profit and Loss                        | (5.12)                      | 29.85                       |

(All amounts in ₹ lacs, unless otherwise stated)

|                                                                                                                             | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-----------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(d) Income tax balances</b>                                                                                              |                        |                        |                       |
| <b>Non-current tax assets:</b>                                                                                              |                        |                        |                       |
| Opening balance                                                                                                             | 31.75                  | 171.11                 | 122.60                |
| Add: Taxes paid                                                                                                             | 46.63                  | 93.10                  | 912.35                |
| Less: Current tax payable for the year                                                                                      | (27.19)                | (81.28)                | (863.84)              |
| Less: Re-classification to current tax liabilities                                                                          | -                      | (151.18)               | -                     |
| <b>Closing balance</b>                                                                                                      | <b>51.19</b>           | <b>31.75</b>           | <b>171.11</b>         |
| <b>Current tax assets</b>                                                                                                   |                        |                        |                       |
| Opening balance                                                                                                             | 94.83                  | 94.83                  | -                     |
| Less: Income tax refund received                                                                                            | (45.89)                | -                      | -                     |
| <b>Closing balance</b>                                                                                                      | <b>48.94</b>           | <b>94.83</b>           | <b>-</b>              |
| <b>Deferred taxes</b>                                                                                                       |                        |                        |                       |
| <b>(e) Deferred tax assets</b>                                                                                              |                        |                        |                       |
| Unutilised MAT Credit                                                                                                       | 1,738.65               | 1,711.45               | 1,628.28              |
|                                                                                                                             | <b>1,738.65</b>        | <b>1,711.45</b>        | <b>1,628.28</b>       |
| <b>(f) Deferred tax liabilities, net</b>                                                                                    |                        |                        |                       |
| <b>Deferred Tax asset arising on account of:</b>                                                                            |                        |                        |                       |
| - Expenses allowable on payment basis                                                                                       | 26.50                  | 27.34                  | 20.43                 |
| - Fair valuation of security deposits                                                                                       | 0.25                   | 0.19                   | 0.08                  |
| - Amortisation of financial guarantee                                                                                       | 6.72                   | 4.59                   | -                     |
| - Provision for employee benefits                                                                                           | -                      | 1.68                   | -                     |
|                                                                                                                             | <b>33.47</b>           | <b>33.80</b>           | <b>20.51</b>          |
| <b>Deferred tax liabilities arising on account of:</b>                                                                      |                        |                        |                       |
| - Difference between written down value of property, plant and equipments as per books of accounts and Income Tax Act, 1961 | 124.12                 | 140.00                 | 120.29                |
| - Fair valuation on debt instruments through OCI                                                                            | (0.57)                 | 0.72                   | 0.61                  |
| - Fair valuation on mutual fund investments measured at FVTPL                                                               | 0.53                   | 5.42                   | 30.25                 |
| - Amortisation of financial guarantee                                                                                       | 47.87                  | 32.56                  | 9.00                  |
|                                                                                                                             | <b>171.95</b>          | <b>178.70</b>          | <b>160.15</b>         |
| <b>Deferred tax liabilities, net</b>                                                                                        | <b>138.48</b>          | <b>144.90</b>          | <b>139.64</b>         |

**Note:** Deferred tax assets and liabilities have been offset wherever the Company has a legal enforceable right to set-off current tax assets against current tax liabilities and where the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

(All amounts in ₹ lacs, unless otherwise stated)

**g) Movement in deferred taxes**  
**As on 31 March 2017**

| Particulars                                                                                                                 | As at<br>01 April<br>2016 | Statement<br>of Profit or<br>Loss | Other<br>Comprehensive<br>Income | As at<br>31 March<br>2017 |
|-----------------------------------------------------------------------------------------------------------------------------|---------------------------|-----------------------------------|----------------------------------|---------------------------|
| <b>Deferred tax assets for deductible temporary differences on:</b>                                                         |                           |                                   |                                  |                           |
| - Expenses allowable on payment basis                                                                                       | 20.43                     | 6.91                              | -                                | 27.34                     |
| - Fair valuation of security deposits                                                                                       | 0.08                      | 0.11                              | -                                | 0.19                      |
| - Amortisation of financial guarantee                                                                                       | -                         | 4.59                              | -                                | 4.59                      |
| - Provision for employee benefits                                                                                           | -                         | 1.68                              | -                                | 1.68                      |
| <b>Total deferred tax assets</b>                                                                                            | <b>20.51</b>              | <b>13.29</b>                      | <b>-</b>                         | <b>33.80</b>              |
| <b>Deferred tax liability for deductible temporary differences on:</b>                                                      |                           |                                   |                                  |                           |
| - Difference between written down value of property, plant and equipments as per books of accounts and Income Tax Act, 1961 | 120.29                    | 19.71                             | -                                | 140.00                    |
| - Fair valuation on debt instruments through OCI                                                                            | 0.61                      | -                                 | 0.11                             | 0.72                      |
| - Fair valuation on mutual fund investments measured at FVTPL                                                               | 30.25                     | (24.83)                           | -                                | 5.42                      |
| - Interest on unwinding (Financial guarantee)                                                                               | 9.00                      | 23.56                             | -                                | 32.56                     |
| <b>Total deferred tax liabilities</b>                                                                                       | <b>160.15</b>             | <b>18.44</b>                      | <b>0.11</b>                      | <b>178.70</b>             |
| <b>Deferred tax liabilities, net</b>                                                                                        | <b>139.64</b>             | <b>5.15</b>                       | <b>0.11</b>                      | <b>144.90</b>             |
| <b>Deferred tax assets, net</b>                                                                                             |                           |                                   |                                  |                           |
| Unutilised MAT Credit                                                                                                       | 1,628.28                  | 83.17                             | -                                | 1,711.45                  |
|                                                                                                                             | <b>1,628.28</b>           | <b>83.17</b>                      | <b>-</b>                         | <b>1,711.45</b>           |

(All amounts in ₹ lacs, unless otherwise stated)

**As on 31 March 2018**

| Particulars                                                                                                                 | As at<br>01 April<br>2017 | Statement<br>of Profit or<br>Loss | Other<br>Comprehensive<br>Income | As at<br>31 March<br>2018 |
|-----------------------------------------------------------------------------------------------------------------------------|---------------------------|-----------------------------------|----------------------------------|---------------------------|
| <b>Deferred tax assets for deductible temporary differences on:</b>                                                         |                           |                                   |                                  |                           |
| - Expenses allowable on payment basis                                                                                       | 27.34                     | (0.84)                            | -                                | <b>26.50</b>              |
| - Fair valuation of security deposits                                                                                       | 0.19                      | 0.06                              | -                                | <b>0.25</b>               |
| - Amortisation of financial guarantee                                                                                       | 4.59                      | 2.13                              | -                                | <b>6.72</b>               |
| - Provision for employee benefits                                                                                           | 1.68                      | (1.68)                            | -                                | <b>-</b>                  |
| <b>Total deferred tax assets</b>                                                                                            | <b>33.80</b>              | <b>(0.33)</b>                     | <b>-</b>                         | <b>33.47</b>              |
| <b>Deferred tax liability for deductible temporary differences on:</b>                                                      |                           |                                   |                                  |                           |
| - Difference between written down value of property, plant and equipments as per books of accounts and Income Tax Act, 1961 | 140.00                    | (15.88)                           | -                                | <b>124.12</b>             |
| - Fair valuation on debt instruments through OCI                                                                            | 0.72                      | -                                 | (1.29)                           | <b>(0.57)</b>             |
| - Fair valuation on mutual fund investments measured at FVTPL                                                               | 5.42                      | (4.89)                            | -                                | <b>0.53</b>               |
| - Interest on unwinding (Financial guarantee)                                                                               | 32.56                     | 15.31                             | -                                | <b>47.87</b>              |
| <b>Total deferred tax liabilities</b>                                                                                       | <b>178.70</b>             | <b>(5.46)</b>                     | <b>(1.29)</b>                    | <b>171.95</b>             |
| <b>Deferred tax liabilities, net</b>                                                                                        | <b>144.90</b>             | <b>(5.13)</b>                     | <b>(1.29)</b>                    | <b>138.48</b>             |
| <b>Deferred tax assets, net</b>                                                                                             |                           |                                   |                                  |                           |
| Unlisted MAT Credit                                                                                                         | 1,711.45                  | 27.20                             | -                                | <b>1,738.65</b>           |
|                                                                                                                             | <b>1,711.45</b>           | <b>27.20</b>                      | <b>-</b>                         | <b>1,738.65</b>           |

**25 EARNINGS PER EQUITY SHARE (EPS)**

|                                                                      | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|----------------------------------------------------------------------|-----------------------------|-----------------------------|
| Net profit attributable to equity shareholders                       | <b>125.02</b>               | 394.36                      |
| Nominal value of equity share (₹)                                    | <b>10.00</b>                | 10.00                       |
| Weighted average number of equity shares outstanding during the year | <b>147.32</b>               | 147.32                      |
| Earnings per share (in ₹):                                           |                             |                             |
| - Basic earnings per share (₹)                                       | <b>0.85</b>                 | 2.68                        |
| - Diluted earnings per share (₹)                                     | <b>0.85</b>                 | 2.68                        |

**26 CONTINGENT LIABILITIES AND COMMITMENTS****(a) Contingent liabilities**

|                                                                          | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|--------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| Guarantees given [refer note (i), (ii) & (iii) below]                    | <b>3,231.25</b>        | 3,201.25               | 3,201.25              |
| Claims against Company, not acknowledged as debt [refer note (iv) below] | <b>17.72</b>           | 47.72                  | 17.72                 |
|                                                                          | <b>3,248.97</b>        | <b>3,248.97</b>        | <b>3,218.97</b>       |

(All amounts in ₹ lacs, unless otherwise stated)

Notes:

- (i) Guarantee given for step-down subsidiary 123Stores, Inc. is ₹3,200 lacs.
- (ii) Guarantee given to customs for bonded warehouse is ₹1.25 lacs.
- (iii) Guarantee issued in favour of Santosh Promoters Pvt. Limited amounting ₹ 30 lacs vide Supreme court order dated 01 May 2017.
- (iv) Claim from S.S. Interiors of ₹ 17.72 lacs for Service Tax & Hire Charges on facility agreement.

## (b) Commitments

Estimated amount of capital contracts remaining to be executed and not provided for as on the Balance Sheet date are:

|                                                                                                                  | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | -                      | -                      | 23.40                 |
|                                                                                                                  | -                      | -                      | 23.40                 |

## 27 LEASES

In accordance with Indian Accounting Standard 17 - Leases, the Company does not have any non - cancellable operating lease. Expenditure incurred on account of operating lease rentals during the year are recognized in the Statement of Profit and Loss amount to ₹ 49.70 lacs. (Previous Year ₹ 49.56 lacs)

## 28 RELATED PARTY DISCLOSURES

Information on related party transactions as required by Ind AS - 24 for the year ended 31 March 2018.

### (a) List of related parties

#### (i) Parties where control exists (subsidiaries)

| Name of the Company                            | Country of incorporation | % of holding as on (direct/indirect) |               |               |
|------------------------------------------------|--------------------------|--------------------------------------|---------------|---------------|
|                                                |                          | 31 March 2018                        | 31 March 2017 | 01 April 2016 |
| Wholly owned subsidiaries                      |                          |                                      |               |               |
| - 123Greetings.com, Inc.                       | United States            | 100%                                 | 100%          | 100%          |
| - IntraSoft Ventures Pte. Limited              | Singapore                | 100%                                 | 100%          | 100%          |
| - One Two Three Greetings (India) Pvt. Limited | India                    | 100%                                 | 100%          | 100%          |
| Step-down subsidiaries:                        |                          |                                      |               |               |
| - 123Stores, Inc.                              | United States            | 100%                                 | 100%          | 100%          |
| - 123Stores E Commerce Private Limited         | India                    | 100%                                 | 100%          | 100%          |

#### (ii) Key management personnel

| Name of the related party | Relationship            |
|---------------------------|-------------------------|
| Arvind Kajaria            | Managing Director       |
| Sharad Kajaria            | Whole-time Director     |
| Padma Kajaria             | Relative of Director    |
| Mohit Kumar Jha           | Chief Financial Officer |
| Ashok Bhandari            | Director                |
| Savita Agarwal            | Director                |
| Anil Agrawal              | Director                |
| Rupinder Singh            | Director                |
| Pranvesh Tripathi         | Company Secretary       |

(All amounts in ₹ lacs, unless otherwise stated)

**(b) Transactions with related parties**

| Name of the party                            | Nature of transaction        | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|----------------------------------------------|------------------------------|-----------------------------|-----------------------------|
| 123Greetings.com, Inc.                       | Sale of services             | 950.58                      | 1,193.15                    |
| One Two Three Greetings (India) Pvt. Limited | Sale of services             | 3.00                        | 6.00                        |
|                                              | Loans given repaid           | 10.00                       | 5.00                        |
| IntraSoft Ventures Pte. Limited              | Investment                   | 23.08                       | -                           |
|                                              | Loans given repaid           | -                           | 355.16                      |
|                                              | Interest received            | -                           | 9.54                        |
| Mr. Arvind Kajaria                           | Managerial remuneration      | 72.11                       | 72.11                       |
|                                              | Dividend paid                | 56.00                       | 28.00                       |
| Mr. Sharad Kajaria                           | Managerial remuneration      | 67.61                       | 67.61                       |
|                                              | Dividend paid                | 56.00                       | 28.00                       |
| Mrs. Padma Kajaria                           | Dividend paid                | 28.00                       | 14.00                       |
| Mr. Mohit Kumar Jha                          | Remuneration                 | 35.01                       | 31.65                       |
|                                              | Short term employee benefits | 0.06                        | 0.12                        |
|                                              | Post employment benefits     | 1.24                        | 1.65                        |
| Mr. Rakesh Dhanuka                           | Remuneration                 | -                           | 1.28                        |
| Mr. Pranvesh Tripathi                        | Remuneration                 | 24.31                       | 20.20                       |
|                                              | Short term employee benefits | -                           | -                           |
|                                              | Post employment benefits     | 0.33                        | 0.30                        |
| Mr. Anil Agrawal                             | Sitting fees                 | 2.60                        | 2.80                        |
| Mrs. Savita Agarwal                          | Sitting fees                 | 2.20                        | 2.20                        |
| Mr. Ashok Bhandari                           | Sitting fees                 | 2.40                        | 0.20                        |
| Mr. Rupinder Singh                           | Sitting fees                 | 2.60                        | 3.20                        |

**(c) Balances of related parties**

| Name of the party                            | Nature of balance | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|----------------------------------------------|-------------------|-----------------------------|-----------------------------|
| 123Greetings.com, Inc.                       | Receivable        | 103.48                      | 159.39                      |
| One Two Three Greetings (India) Pvt. Limited | Payable           | 267.37                      | 270.91                      |
|                                              | Loans recoverable | 75.00                       | 85.00                       |
| Mr. Arvind Kajaria                           | Payable           | 6.00                        | 6.00                        |
| Mr. Sharad Kajaria                           | Payable           | 5.63                        | 5.63                        |
| Mr. Mohit Kumar Jha                          | Payable           | 3.75                        | 3.35                        |
| Mr. Pranvesh Tripathi                        | Payable           | 2.64                        | 2.56                        |

(All amounts in ₹ lacs, unless otherwise stated)

## 29 SEGMENT REPORTING

- (a) As per the requirements of IND-AS 108 "Segment Reporting", no disclosures are required to be made since the Company's activities consist of a single business segment of internet based delivery of services.
- (b) Other Information :  
The Company does not have any revenue from external customers.
- (c) The Company has entered into transaction with a single customer (related party), which amounts to 10% or more of the Company's total revenue from operations. (Refer note 28)

## 30 FAIR VALUE MEASUREMENTS

### (a) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2018 were as follows:

| Particulars                                                     | Amortised cost | Financial assets/ liabilities at FVTPL | Financial assets/ liabilities at FVTOCI | Total carrying value | Total fair value |
|-----------------------------------------------------------------|----------------|----------------------------------------|-----------------------------------------|----------------------|------------------|
| <b>Assets:</b>                                                  |                |                                        |                                         |                      |                  |
| Investments in equity instruments (refer note 6)                | 884.25         | -                                      | -                                       | 884.25               | 884.25           |
| Investments in non-convertible debentures (refer note 6)        | -              | -                                      | 750.44                                  | 750.44               | 750.44           |
| Investments in perpetual bonds (refer note 6)                   | -              | -                                      | 621.89                                  | 621.89               | 621.89           |
| Investments in debt mutual funds (refer note 6)                 | -              | 5,816.42                               | -                                       | 5,816.42             | 5,816.42         |
| Investments on account of corporate guarantee (refer note 6)    | -              | 185.34                                 | -                                       | 185.34               | 185.34           |
| Trade receivables (refer note 10) (*)                           | 103.48         | -                                      | -                                       | 103.48               | 103.48           |
| Cash and cash equivalents (refer note 11 (a)) (*)               | 69.61          | -                                      | -                                       | 69.61                | 69.61            |
| Other bank balances (refer note 11 (b)) (*)                     | 38.11          | -                                      | -                                       | 38.11                | 38.11            |
| Other financial assets                                          |                |                                        |                                         |                      |                  |
| - Security deposits (refer note 7)                              | 10.50          | -                                      | -                                       | 10.50                | 10.50            |
| - Advance against financial assets (refer note 8)               | -              | 50.00                                  | -                                       | 50.00                | 50.00            |
| - Loan given to subsidiaries and body corporates (refer note 7) | 75.59          | -                                      | -                                       | 75.59                | 75.59            |
|                                                                 | 1,181.54       | 6,051.76                               | 1,372.33                                | 8,605.63             | 8,605.63         |
| <b>Liabilities:</b>                                             |                |                                        |                                         |                      |                  |
| Other financial liabilities (refer note 15)                     | 135.63         | -                                      | -                                       | 135.63               | 135.63           |
|                                                                 | 135.63         | -                                      | -                                       | 135.63               | 135.63           |

(All amounts in ₹ lacs, unless otherwise stated)

The carrying value and fair value of financial instruments by categories as of 31 March 2017 were as follows:

| Particulars                                                     | Amortised cost  | Financial assets/<br>liabilities<br>at FVTPL | Financial assets/<br>liabilities<br>at FVTOCI | Total<br>carrying<br>value | Total<br>fair<br>value |
|-----------------------------------------------------------------|-----------------|----------------------------------------------|-----------------------------------------------|----------------------------|------------------------|
| <b>Assets:</b>                                                  |                 |                                              |                                               |                            |                        |
| Investments in equity instruments (refer note 6)                | 861.17          | -                                            | -                                             | 861.17                     | 861.17                 |
| Investments in non-convertible debentures (refer note 6)        | -               | -                                            | 499.44                                        | 499.44                     | 499.44                 |
| Investments in debt mutual funds (refer note 6)                 | -               | 6,700.50                                     | -                                             | 6,700.50                   | 6,700.50               |
| Investments on account of corporate guarantee (refer note 6)    | -               | 185.34                                       | -                                             | 185.34                     | 185.34                 |
| Trade receivables (refer note 10) (*)                           | 159.39          | -                                            | -                                             | 159.39                     | 159.39                 |
| Cash and cash equivalents (refer note 11 (a)) (*)               | 10.11           | -                                            | -                                             | 10.11                      | 10.11                  |
| Other bank balances (refer note 11 (b)) (*)                     | 7.53            | -                                            | -                                             | 7.53                       | 7.53                   |
| Other financial assets                                          |                 |                                              |                                               |                            |                        |
| - Security deposits (refer note 7)                              | 11.26           | -                                            | -                                             | 11.26                      | 11.26                  |
| - Loan given to subsidiaries and body corporates (refer note 7) | 257.20          | -                                            | -                                             | 257.20                     | 257.20                 |
|                                                                 | <b>1,306.66</b> | <b>6,885.84</b>                              | <b>499.44</b>                                 | <b>8,691.94</b>            | <b>8,691.94</b>        |
| <b>Liabilities:</b>                                             |                 |                                              |                                               |                            |                        |
| Other financial liabilities (refer note 15)                     | 151.02          | -                                            | -                                             | 151.02                     | 151.02                 |
|                                                                 | <b>151.02</b>   | <b>-</b>                                     | <b>-</b>                                      | <b>151.02</b>              | <b>151.02</b>          |

The carrying value and fair value of financial instruments by categories as of 1 April 2016 were as follows:

| Particulars                                                     | Amortised cost  | Financial assets/<br>liabilities<br>at FVTPL | Financial assets/<br>liabilities<br>at FVTOCI | Total<br>carrying<br>value | Total<br>fair<br>value |
|-----------------------------------------------------------------|-----------------|----------------------------------------------|-----------------------------------------------|----------------------------|------------------------|
| <b>Assets:</b>                                                  |                 |                                              |                                               |                            |                        |
| Investments in equity instruments (refer note 6)                | 861.17          | -                                            | -                                             | 861.17                     | 861.17                 |
| Investments in non-convertible debentures (refer note 6)        | -               | -                                            | 498.80                                        | 498.80                     | 498.80                 |
| Investments in debt mutual funds (refer note 6)                 | -               | 5,449.20                                     | -                                             | 5,449.20                   | 5,449.20               |
| Investments on account of corporate guarantee (refer note 6)    | -               | 185.34                                       | -                                             | 185.34                     | 185.34                 |
| Trade receivables (refer note 10) (*)                           | 1,182.02        | -                                            | -                                             | 1,182.02                   | 1,182.02               |
| Cash and cash equivalents (refer note 11 (a)) (*)               | 16.54           | -                                            | -                                             | 16.54                      | 16.54                  |
| Other bank balances (refer note 11 (b)) (*)                     | 36.99           | -                                            | -                                             | 36.99                      | 36.99                  |
| Other financial assets                                          |                 |                                              |                                               |                            |                        |
| - Security deposits (refer note 7)                              | 10.67           | -                                            | -                                             | 10.67                      | 10.67                  |
| - Loan given to subsidiaries and body corporates (refer note 7) | 670.70          | -                                            | -                                             | 670.70                     | 670.70                 |
|                                                                 | <b>2,778.09</b> | <b>5,634.54</b>                              | <b>498.80</b>                                 | <b>8,911.43</b>            | <b>8,911.43</b>        |
| <b>Liabilities:</b>                                             |                 |                                              |                                               |                            |                        |
| Borrowings (refer note 14)                                      | 330.00          | -                                            | -                                             | 330.00                     | 330.00                 |
| Other financial liabilities (refer note 15)                     | 186.22          | -                                            | -                                             | 186.22                     | 186.22                 |
|                                                                 | <b>516.22</b>   | <b>-</b>                                     | <b>-</b>                                      | <b>516.22</b>              | <b>516.22</b>          |

Notes:

- (\*) The carrying amount of financial assets and financial liabilities measured at amortized cost are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amount would be significantly different from the values that would be eventually received or settled. Management assessed that fair values of cash and cash

(All amounts in ₹ lacs, unless otherwise stated)

equivalents, other bank balances, bank deposits, loans to employees, trade receivables, trade payables and other financial liabilities approximate their carrying amounts due to the short term maturities of these instruments. For long-term borrowings at fixed/floating rates, management evaluates that their fair value will not be significantly different from the carrying amount.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a stressed or liquidation sale.

## (b) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the Statement of Profit and Loss are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

**Level 3:** Unobservable inputs for the asset or liability

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 March 2018, 31 March 2017 and 1 April 2016:

| As at 31 March 2018                                               | Level 1  | Level 2 | Level 3 | Total    |
|-------------------------------------------------------------------|----------|---------|---------|----------|
| <b>(i) Measured at fair value through OCI (FVOCI)</b>             |          |         |         |          |
| Investments in Non-convertible debentures (refer note 6)          | 750.44   | -       | -       | 750.44   |
| Investments in perpetual bonds (refer note 6)                     | 621.89   | -       | -       | 621.89   |
| <b>(ii) Measured at fair value through profit or loss (FVTPL)</b> |          |         |         |          |
| Investments in debt mutual funds (refer note 6)                   | 5,816.42 | -       | -       | 5,816.42 |
| Investments on account of corporate guarantee (refer note 6)      | -        | -       | 185.34  | 185.34   |
| <b>Other financial assets</b>                                     |          |         |         |          |
| - Advance against financial assets (refer note 8)                 | 50.00    | -       | -       | 50.00    |
|                                                                   | 7,238.75 | -       | 185.34  | 7,424.09 |

| As at 31 March 2017                                               | Level 1  | Level 2 | Level 3 | Total    |
|-------------------------------------------------------------------|----------|---------|---------|----------|
| <b>(i) Measured at fair value through OCI (FVOCI)</b>             |          |         |         |          |
| Investments in Non-convertible debentures (refer note 6)          | 499.44   | -       | -       | 499.44   |
| <b>(ii) Measured at fair value through profit or loss (FVTPL)</b> |          |         |         |          |
| Investments in debt mutual funds (refer note 6)                   | 6,700.50 | -       | -       | 6,700.50 |
| Investments on account of corporate guarantee (refer note 6)      | -        | -       | 185.34  | 185.34   |
|                                                                   | 7,199.94 | -       | 185.34  | 7,385.28 |

(All amounts in ₹ lacs, unless otherwise stated)

| As at 1 April 2016                                                | Level 1         | Level 2  | Level 3       | Total           |
|-------------------------------------------------------------------|-----------------|----------|---------------|-----------------|
| <b>(i) Measured at fair value through OCI (FVOCI)</b>             |                 |          |               |                 |
| Investments in Non-convertible debentures (refer note 6)          | 498.80          | -        | -             | 498.80          |
| <b>(ii) Measured at fair value through profit or loss (FVTPL)</b> |                 |          |               |                 |
| Investments in debt mutual funds (refer note 6)                   | 5,449.20        | -        | -             | 5,449.20        |
| Investments on account of corporate guarantee (refer note 6)      | -               | -        | 185.34        | 185.34          |
|                                                                   | <b>5,948.00</b> | <b>-</b> | <b>185.34</b> | <b>6,133.34</b> |

**(c) Computation of fair values**

Investments in mutual funds are short-term investments made in debt funds whose fair value is considered as the net asset value (NAV) declared by their respective fund houses on a daily basis. NAV represents the price at which the fund house is willing to issue further units in such fund/the price at which the fund house will redeem such units from the investors. Thus the declared NAV is similar to fair market value for these mutual fund investments since transactions between the investor and fund houses will be carried out at such prices.

The fair value of perpetual bonds is based on quoted prices and market-observable inputs.

### 31 FINANCIAL RISK MANAGEMENT

The Company's business activities expose it to a variety of financial risks such as credit risks, liquidity risk and market risks. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

**(a) Credit risk**

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits. Other financial assets measured at amortized cost includes security deposits. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

Based on business environment in which the Company operates, a default on a financial asset is considered when the counterparty fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognized in statement of profit and loss.

**i) Trade receivables**

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

As the Company does not hold any collateral, the maximum expense to credit risk for each class of financial instrument is the carrying amount of that class of financial instrument presented on the statement of financial position. Impairment of trade receivables is based on expected credit loss model (simplistic approach) depending upon the historical data, present financial conditions of customers and anticipated regulatory changes. Company does not hold any collateral in respect of such receivables.

(All amounts in ₹ lacs, unless otherwise stated)

## ii) Financial instruments and cash deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits. Other financial assets measured at amortized cost includes security deposits. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

### Credit risk exposure

The Company is exposed to a concentration of credit risk with respect to its trade receivable balances from its subsidiary Company. At the reporting date, trade receivable balances from subsidiary Company represents 100% (31 March 2017 - 100%; 1 April 2016: 100%) of the total trade receivable balances, respectively.

The gross carrying amount of financial assets, net of any impairment losses recognised represents the maximum credit exposure. The maximum exposure to credit risk as at 31 March 2018, 31 March 2017 and 1 April 2016 was as follows:

| Particulars                                                     | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-----------------------------------------------------------------|------------------------|------------------------|-----------------------|
| Trade receivables (refer note 10)                               | 103.48                 | 159.39                 | 1,182.02              |
| Investments (refer note 6)                                      | 8,258.34               | 8,246.45               | 6,994.51              |
| Cash and cash equivalents (refer note 11 (a))                   | 69.61                  | 10.11                  | 16.54                 |
| Other bank balances (refer note 11 (b))                         | 38.11                  | 7.53                   | 36.99                 |
| Other financial assets                                          |                        |                        |                       |
| - Security deposits (refer note 7)                              | 10.50                  | 11.26                  | 10.67                 |
| - Advance against financial assets (refer note 8)               | 50.00                  | -                      | -                     |
| - Loan given to subsidiaries and body corporates (refer note 7) | 75.59                  | 257.20                 | 670.70                |
|                                                                 | 8,605.63               | 8,691.94               | 8,911.43              |

## (b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long-term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

### Maturities of financial liabilities

The following table shows the remaining contractual maturities of financial liabilities at the reporting date. The amounts reported are on gross and undiscounted basis and includes contractual interest payments. Balances due within 12 months equal their carrying balances as the impact of discounting is insignificant.

#### As at 31 March 2018:

| Particulars                                    | Less than 1 year | 1-2 years | 2-4 years | 4-7 years | Total  |
|------------------------------------------------|------------------|-----------|-----------|-----------|--------|
| Other financial liabilities<br>(refer note 15) | 135.63           | -         | -         | -         | 135.63 |
|                                                | 135.63           | -         | -         | -         | 135.63 |

(All amounts in ₹ lacs, unless otherwise stated)

**As at 31 March 2017:**

| Particulars                                    | Less than 1 year | 1-2 years | 2-4 years | 4-7 years | Total         |
|------------------------------------------------|------------------|-----------|-----------|-----------|---------------|
| Other financial liabilities<br>(refer note 15) | 151.02           | -         | -         | -         | 151.02        |
|                                                | <b>151.02</b>    | <b>-</b>  | <b>-</b>  | <b>-</b>  | <b>151.02</b> |

**As at 1 April 2016:**

| Particulars                                    | Less than 1 year | 1-2 years | 2-4 years | 4-7 years | Total         |
|------------------------------------------------|------------------|-----------|-----------|-----------|---------------|
| Borrowings (refer note 14)                     | 330.00           | -         | -         | -         | 330.00        |
| Other financial liabilities<br>(refer note 15) | 186.22           | -         | -         | -         | 186.22        |
|                                                | <b>516.22</b>    | <b>-</b>  | <b>-</b>  | <b>-</b>  | <b>516.22</b> |

**(c) Market risk**

Market risk is the risk of potential adverse change in the Company's income and the value of Company net worth arising from movement in foreign exchange rates, interest rates or other market prices. The Company recognises that the effective management of market risk is essential to the maintenance of stable earnings and preservation of shareholder value. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the overall returns.

**(i) Foreign currency risk**

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when transactions are denominated in foreign currencies.

The Company operates locally in INR and but is exposed to foreign exchange risk arising from foreign currency transactions (IT enabled services), primarily with respect to the US Dollar. 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. The Company does not hedge its foreign exchange receivables.

**Foreign currency risk exposure:**

| Particulars                     | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------------------|------------------------|------------------------|-----------------------|
| Trade receivables (in USD lacs) | 1.59                   | 2.46                   | 17.84                 |
|                                 | <b>1.59</b>            | <b>2.46</b>            | <b>17.84</b>          |

**Sensitivity analysis:**

| Particulars                                   | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-----------------------------------------------|-----------------------------|-----------------------------|
| <b>USD sensitivity:</b>                       |                             |                             |
| INR/USD - increase by 5% (31 March 2017 - 5%) | 0.08                        | 0.12                        |
| INR/USD - decrease by 5% (31 March 2017 - 5%) | (0.08)                      | (0.12)                      |

**(ii) Price risk**

The Company is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. The investments in mutual funds have been disclosed in Note 6 (b).

(All amounts in ₹ lacs, unless otherwise stated)

The Company is also exposed to the price risk for its investment in bonds and debentures. These being debt instruments, the exposure to risk of changes in market rates is minimal. The details of such investments in bonds are given in Note 6 (a).

The Company is mainly exposed to change in market rates of its investments in mutual funds recognised at FVTPL. A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below:

The Company has laid policies and guidelines which it adheres to in order to minimise pricing risk arising from investments in debt mutual funds.

#### Sensitivity analysis:

| Particulars                                            | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|--------------------------------------------------------|------------------------|------------------------|-----------------------|
| Price increase by (1%) - Investments measured at FVTPL | 58.16                  | 67.01                  | 54.49                 |
| Price decrease by (1%) - Investments measured at FVTPL | (58.16)                | (67.01)                | (54.49)               |

## 32 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

| Particulars                     | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------------------|------------------------|------------------------|-----------------------|
| Net debts (*)                   | -                      | (10.11)                | 335.44                |
| Total equity                    | 11,643.19              | 11,876.17              | 11,839.05             |
| <b>Net debt to equity ratio</b> | <b>-</b>               | <b>-</b>               | <b>0.03</b>           |

(\*) Net debt = non current borrowings + current borrowings + current maturities of non-current borrowings + interest accrued - cash and bank balances

## 33 DIVIDENDS

| Particulars                                                                           | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|---------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>Dividend on equity shares paid during the year:</b>                                |                             |                             |
| Final dividend for FY 2016-17 [₹ 2 (Previous year ₹ 2) per equity share of ₹10 each ] | 294.63                      | 294.63                      |
| Dividend distribution tax on above                                                    | 59.95                       | 59.99                       |

#### Proposed Dividend

The Board of Directors at its meeting held on 28 May 2018 proposed a dividend of ₹ 2 per equity share (31 March 2017: ₹ 2), amounting to ₹ 355.20 lacs (31 March 2017: ₹ 354.58 lacs) including dividend distribution tax of ₹ 60.57 lacs (31 March 2017: ₹ 59.95 lacs). The proposed dividend by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

## 34 FIRST TIME ADOPTION OF IND AS

These are the Company's first standalone financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 4 has been applied consistently in preparing the opening Ind AS Balance Sheet as on 1 April 2016 (the Company's date of transition), the comparative information presented in these standalone financial

(All amounts in ₹ lacs, unless otherwise stated)

statements for the year ended 31 March 2017 and in preparing these standalone financial statements for the year ended 31 March 2018. In preparing its opening Ind As Balance Sheet, the Company has adjusted the amounts reported previously in standalone financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standard Rules), 2006 (as amended) and other relevant provisions of the Act (Indian GAAP). An explanation of how the transition from previous Indian GAAP to Ind AS has impacted the Company's financial position, financial performance and cash flows is set out in the foot notes to first time adoption.

Ind AS 101 has set out certain mandatory exceptions and optional exemptions to be applied for transition from the existing Indian GAAP to Ind AS. The Company has adopted the following in preparing its opening Ind AS Balance Sheet.

**(a) Ind AS optional exemptions**

Indian Accounting Standard 101 First time adoption Indian Accounting Standards (Ind AS 101) allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

**Deemed cost for property, plant and equipment**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Indian Accounting Standard 38 Intangible Assets (Ind AS 38). Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

**(b) Ind AS mandatory exceptions**

**Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

**Classification and measurement of financial assets and liabilities**

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- (i) The effects of the retrospective application or retrospective restatement are not determinable;
- (ii) The retrospective application or restatement requires assumptions about what management's intent would have been in that period;

The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

(All amounts in ₹ lacs, unless otherwise stated)

### De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choice, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

### (c) Reconciliations between previous GAAP and Ind AS

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

#### (i) Effect of Ind AS adoption of total equity:

| Particulars                                                                                  | As at 31<br>March 2017 | As at 01<br>April 2016 |
|----------------------------------------------------------------------------------------------|------------------------|------------------------|
| Equity as per previous GAAP                                                                  | 11,810.93              | 11,409.27              |
| <b>Adjustments:</b>                                                                          |                        |                        |
| Effect of measuring current investments at fair value through profit and loss account        | 16.36                  | 87.41                  |
| Adjustment on account of proposed dividend                                                   | -                      | 354.61                 |
| Effect of measuring security deposits at fair value                                          | (0.58)                 | (0.22)                 |
| Income on unwinding of financial guarantee                                                   | 98.48                  | 26.00                  |
| Amortization of liability from financial guarantee                                           | (13.88)                | -                      |
| Effect of adjustment in liability for compensated absences                                   | (5.08)                 | -                      |
| Effect of measuring non-current investments at fair value through other comprehensive income | 2.18                   | 1.75                   |
| Tax impact of above items                                                                    | (32.24)                | (39.77)                |
| <b>Total adjustments</b>                                                                     | <b>65.24</b>           | <b>429.78</b>          |
| <b>Total equity as per Ind AS</b>                                                            | <b>11,876.17</b>       | <b>11,839.05</b>       |

#### (ii) Reconciliation of total comprehensive income for the year ended 31 March 2017:

| Particulars                                                                          | As at 31<br>March 2017 |
|--------------------------------------------------------------------------------------|------------------------|
| <b>Profit after tax as per previous GAAP</b>                                         | <b>401.66</b>          |
| <b>Adjustments:</b>                                                                  |                        |
| Adjustment on account of financial guarantee income                                  | 72.48                  |
| Amortisation of financial guarantee                                                  | (13.88)                |
| Unrealised profit/ (loss) on fair value of current investments                       | (71.05)                |
| Interest income using effective interest rate on fair valuation of security deposits | 0.33                   |
| Actuarial loss on defined benefit plan reclassified to other comprehensive income    | 0.73                   |
| Amortisation of prepaid rent recognised on fair valuation of security deposits       | (0.69)                 |
| Deferred tax impact on above GAAP adjustments (net)                                  | 4.78                   |
| <b>Profit after tax as per Ind AS</b>                                                | <b>394.36</b>          |
| <b>Other comprehensive income:</b>                                                   |                        |
| Remeasurements of post-employment benefit obligations                                | (4.35)                 |
| Net fair value gain/(loss) on investment in debt instruments through OCI             | 0.43                   |
| Tax relating to these items                                                          | 1.30                   |
|                                                                                      | <b>(2.62)</b>          |
| <b>Total comprehensive income as per Ind AS</b>                                      | <b>391.74</b>          |

(All amounts in ₹ lacs, unless otherwise stated)

**(iii) Effect of Ind AS adoption on the Statement of Cash flows for the year ended 31 March 2017**

There were no material differences between the Statement of Cash Flows presented under Ind AS and the Previous GAAP.

(\*) The Indian GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

**(iv) Foot notes to first time adoption:**

**1 Non-current investments**

The Company has non-current investments in non-convertible debentures of SREI Infrastructure Bonds, which yields an annual interest of 10.20% on the face value, and shall be repaid as a lump-sum on its maturity during 2019-20. The Company has purchased such bonds at a discounted price, and hence, the same shall be amortised over the life of the debenture yielding interest on the basis of the effective interest rate (EIR). Under previous GAAP, non current investments were measured at cost.

**2 Current investments**

Mutual funds - Under Previous GAAP, the mutual funds are measured at cost or market value, whichever is lower. Under Ind AS, the Company has designated these investments at fair value through profit or loss (FVTPL). Accordingly, these investments are required to be measured at fair value. At the date of transition to Ind AS, difference between the fair value of the instruments and its Previous GAAP carrying amount has been recognised in retained earnings. Fair value changes are recognised in the Statement of Profit and Loss for the year ended 31 March 2017.

**3 Proposed dividend**

Under Previous GAAP, proposed dividends and the related dividend distribution tax are recognised as a provision in the year to which they relate, irrespective of when they are declared. Under Ind AS, dividends and related dividend distribution tax are recognised as a liability in the year in which it is approved by the shareholders in the Annual General Meeting of the Company.

**4 Deferred taxes**

Under Previous GAAP, deferred taxes were recognised for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognised using the balance sheet approach for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. The above difference, together with the consequential tax impact of the other Ind AS transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or through other comprehensive income.

**5 Defined benefit plans**

- (a) Actuarial gain/(loss) - Under Previous GAAP, the actuarial gain/(loss) of defined benefit plans has been recognised in Statement of Profit and Loss. Under Ind AS, the remeasurement gain/(loss) on net defined benefit plans is recognised in Other Comprehensive Income net of tax.
- (b) Net interest cost on defined benefit plans - Under Previous GAAP, the interest cost on defined benefit liability and expected return on plan assets is recognised as employee benefit expenses in the Statement of Profit and Loss. Under Ind AS, the Company has adopted the accounting policy to recognise the net interest cost on defined benefit plans as finance cost.

**6 Discounting of security deposits**

Under Previous GAAP, the security deposits for leases are accounted at an undiscounted value. Under Ind AS, the security deposits for leases have been recognised at discounted value and the difference between undiscounted and discounted value has been recognised as 'Deferred lease rent' which has been amortised over respective lease term

(All amounts in ₹ lacs, unless otherwise stated)

as rent expense under 'other expenses'. The discounted value of the security deposits is increased over the period of lease term by recognising the notional interest income under 'other income'.

#### 7 Tax impact on adjustments

Retained earnings and statement of profit and loss has been adjusted consequent to the Ind AS transition adjustments with corresponding impact to deferred tax, wherever applicable.

#### 8 Other comprehensive income

Under Ind AS, all items of income and expense recognized in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans, effective portion of gain or loss on cash flow hedging instruments, fair value gain or loss on FVOCI equity instruments and their corresponding income tax effects. The concept of other comprehensive income did not exist under previous GAAP.

#### 9 MAT credit

Under Ind AS, MAT Credits are form of unused tax credits that are carried forward by the Company for a specified period of time. Accordingly, MAT Credits are clubbed with deferred tax asset (net) in the Balance Sheet of an entity. Correspondingly, MAT credit entitlement has been clubbed with deferred tax in the Statement of Profit and Loss.

#### 10 Financial guarantee accounted for as deemed investments

The Company has provided a corporate guarantee to Citi Bank on behalf of its step-down subsidiary 123Stores Inc. amounting to INR 3,200 lacs, which has resulted in an interest rate reduction for the subsidiary company. The Company has recorded a "deemed investment" in accordance with IND AS 109, as the guarantee enabled its subsidiary to acquire the loan at a lower interest rates.

#### 11 Accrued interest on financial assets

Accrued interest on loan given to body corporates has been clubbed with the loans under Ind AS. Same was appearing under other current assets in previous GAAP.

### As per our report of even date

#### For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

#### per Anamitra Das

Partner

Membership No. 062191

Place : Gurugram

Date : 28 May 2018

#### For and on behalf of the Board of Directors of IntraSoft Technologies Limited

#### Arvind Kajaria

Managing Director  
(DIN: 00106901)

Place : Kolkata

Date : 28 May 2018

#### Sharad Kajaria

Whole-time Director  
(DIN: 00108036)

#### Mohit Kumar Jha

Chief Financial Officer

#### Pranvesh Tripathi

Company Secretary

# Notice

**NOTICE** is hereby given that the Twenty Third Annual General Meeting of the Members of IntraSoft Technologies Limited will be held on Wednesday, 12 September 2018 at 3.00 P.M. at Sunville, Orchid Room, 9, Dr. Annie Besant Road, Worli, Mumbai –400018 to transact the following business:

## ORDINARY BUSINESS

### 1. To receive, consider and adopt:

- (a) the audited standalone financial statement of the Company for the financial year ended 31 March 2018, the Reports of the Board of Directors and Auditors thereon; and
- (b) the audited consolidated financial statement for the year ended 31 March 2018.

### 2. To declare Dividend on Equity Shares for the financial year ended on 31 March 2018.

### 3. To appoint a Director in place of Mr. Arvind Kajaria (DIN: 00106901), who retires by rotation and being eligible, offers himself for re-appointment.

## SPECIAL BUSINESS

### 4. To Authorise the Board of Directors of the Company to determine the Fees to be charged from Members for Delivery of the documents under Section 20 of the Companies Act, 2013

To consider and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:

“RESOLVED THAT pursuant to provisions of Section 20 of the Companies Act, 2013 and other applicable provisions, if any, of the said Act and relevant rules prescribed there under, whereby a document may be served on any member by the Company by sending it to him by post or by registered post or by speed post or by courier or by delivering to his office or address, or by such electronic or other mode as may be prescribed, the consent of the members of the Company be and is hereby accorded to authorize Board of Directors (the ‘Board’ which term shall include any Committee which the Board of Directors may have constituted or may hereafter constitute for the time being for exercising the powers conferred on the Board of Directors by this resolution) to determine the fees to be charged from the members over and above reimbursement of actual expenses incurred by the Company, pursuant to any request made by the shareholder for delivery of such document to him, through a particular mode of service mentioned above provided such request along with requisite fee has been duly received by the Company at least one week in advance of the dispatch of document by the Company and that no such request shall be entertained by the Company post the dispatch of such document by the Company to the shareholder.”

By Order of the Board of Directors

Place : Kolkata

Date : 28 May 2018

#### Registered Office:

CIN: L24133MH1996PLC197857

A-502, Prathamesh, Raghuvanshi Mills Compound,

Senapati Bapat Marg, Lower Parel (W),

Mumbai – 400 013

Tel: 022 4004 0008 Fax: 022 2490 3123

Email: [intrasoft@itlindia.com](mailto:intrasoft@itlindia.com) Website: [www.itlindia.com](http://www.itlindia.com)

**Pranvesh Tripathi**

Company Secretary

**NOTES:**

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The duly filled proxy form in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for commencement of the Annual General Meeting.
  - b) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
  - c) The dividend on Equity Shares, as recommended by the Board of Directors, if approved by the shareholders, will be credited / dispatched on or after 13 September 2018 to those members whose names shall appear on the Company's Register of Members on 05 September 2018 in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
  - d) Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing the representatives to attend and vote at the Annual General Meeting.
  - e) Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.
  - f) Relevant documents referred to in the accompanying Notice and the Statement is open for inspection by the members at the Registered Office of the Company on all working days from Monday to Friday, during business hours up to the date of the Meeting.
  - g) Queries proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office at least seven days prior to the date of Annual General Meeting to enable the management to compile the relevant information to reply the same in the Meeting.
  - h) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 06 September 2018 to Wednesday, 12 September 2018 (both days inclusive) for the purpose of payment of dividend, if declared at the Meeting.
  - i) SEBI vide its Circular dated 21 March 2013 have asked all the listed companies that any payments to the investors shall be made through electronic mode. Members are requested to update their address/bank mandate with their respective Depository Participant (DP) in respect of shares held in demat form and in respect of shares held in physical form with the Company's Registrar & Share Transfer Agent, M/s. Link Intime India Private Limited, C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400 083.
  - j) Shareholders who have not encashed their dividend warrants for the dividends declared for the financial years 2010-11 to 2016-17 (Interim and/or Final Dividend) are requested to send a letter along with unclaimed dividend warrant, if any, or letter of undertaking for issue of duplicate dividend warrant / demand draft. The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 22 August 2017 (date of last Annual General Meeting) on the website of the Company ([www.itlindia.com](http://www.itlindia.com)) and also on the website of the Ministry of Corporate Affairs.
- In terms of Section 124 of Companies Act, 2013 (corresponding Section 205A and 205C of the Companies Act, 1956), any dividend remaining unpaid for a period of seven years from the date of transfer to Unpaid Dividend Account is required to be transferred to the "Investor Education & Protection Fund" (IEPF). Members are requested to encash their Dividend Warrants promptly. It may be noted that once the unclaimed dividend is transferred to the IEPF as above, no claim shall lie with the Company in respect of such amount.
- k) Members who have not registered their e-mail address so far are requested to register their e-mail addresses with their DPs in case of shares held in dematerialised form and with RTA in case of shares held in physical form.
  - l) Information and other instructions relating to voting by electronic means:
    - i. In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed in this notice by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the Annual General Meeting (AGM) ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
    - ii. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
    - iii. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

- iv. The members who have cast their vote by remote e-voting may attend the meeting but shall not be entitled to cast their vote again.
- v. The remote e-voting period commences on Sunday, 09 September 2018 (9:00 am) and ends on Tuesday, 11 September 2018 (5:00 pm). During this period members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. on 05 September 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- vi. The process and manner for remote e-voting are as under:
  - A. In case a Member receives an email from NSDL:
    - (i) Open email and open PDF file viz.; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
    - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
    - (iii) Click on Shareholder - [Login](#)
    - (iv) Put user ID and password as initial password/ PIN noted in step (i) above. Click Login.
    - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
    - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
    - (vii) Select "EVEN" of "Intrasoft Technologies Ltd".
    - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
    - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
    - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
    - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
    - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [js@rathiandassociates.com](mailto:js@rathiandassociates.com)
  - B. In case a Member receives physical copy of the Notice of AGM:
    - (i) Initial password is provided in the Attendance Slip for the AGM:
    - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above to cast vote.
- vii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- viii. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- ix. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- x. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. 05 September 2018.
- xi. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. 05 September 2018 may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)  
 However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- xii. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- xiii. Mr. Jayesh Shah, Practicing Company Secretary, Partner, M/s. Rathi & Associates has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

- xiv. The Scrutinizer, after scrutinizing the votes cast at the meeting and through remote e-voting shall make, not later than two days of the conclusion of the meeting, a consolidated scrutinizer's report and submit the same to the Chairman, who shall declare the result of the voting forthwith. The results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.itlindia.com](http://www.itlindia.com) and on the website of NSDL immediately after the declaration of result by the Chairman. The results shall simultaneously be submitted with the stock exchanges where the Company's shares are listed.
- m) The Annual Accounts of the Subsidiary Companies shall be available at the Registered Office of the Company for inspection by any shareholder.
- n) Hard copy of the details of accounts of subsidiaries required by any Shareholders can be obtained with a written request to the Company Secretary of the Company at the Registered Office of the Company.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

### ITEM NO. 4

Section 20 of the Companies Act, 2013 read with Rules made thereunder provides the mode of service of documents inter-alia to the members of the Company. The proviso to subsection (2) of that Section states that where a member requests for delivery of any document through a particular mode, he shall pay fees as may be determined by the Company in its Annual General Meeting. It is proposed to seek approval of shareholders at the ensuing Annual General Meeting of the Company to authorise the Board of Directors to determine the fee, depending on the prevailing applicable rules and rates, for delivery of any documents to the shareholders.

None of the Directors/ Key Managerial Personnel of the Company or their relatives are interested in the Resolution set out at Item No. 4 of the Notice. The Board recommends the passing of the ordinary resolution set out at item no. 4.

Details of Directors seeking Appointment/ Re-appointment at the ensuing Annual General Meeting as required under Regulations 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

|                                                                                   |                                                                                                                                                                                                                                                                                                               |
|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                                                                       | <b>Arvind Kajaria</b>                                                                                                                                                                                                                                                                                         |
| Date of Birth                                                                     | 17 December 1964                                                                                                                                                                                                                                                                                              |
| Date of Appointment / Re-appointment on retirement by rotation                    | 01 April 2017                                                                                                                                                                                                                                                                                                 |
| Qualification                                                                     | B. Com, Degree in Business Administration from Adelphi University, New York (MBA)                                                                                                                                                                                                                             |
| Brief Resume                                                                      | Mr. Arvind Kajaria is a Commerce Graduate and also holds Bachelor's degree in Business Administration from Adelphi University, New York. He is one of the Promoters of the Company. He has vast experience in finance, marketing, management and Investor Relations.                                          |
| Area of Expertise                                                                 | Finance, Marketing and Management, Investor Relations.                                                                                                                                                                                                                                                        |
| Experience                                                                        | 28 years                                                                                                                                                                                                                                                                                                      |
| Other Directorship in Listed Entities                                             | Nil                                                                                                                                                                                                                                                                                                           |
| Name of the other Companies in Committees of which holds membership/ chairmanship | Nil                                                                                                                                                                                                                                                                                                           |
| Disclosure of relationship between Directors inter-se                             | None of the Directors/ Key Managerial Personnel of the Company/ their relative are, in any way, concerned or interested, financially or otherwise, in such re-appointment of Mr. Arvind Kajaria as Managing Director except Mr. Arvind Kajaria, Mr. Sharad Kajaria and other relatives of Mr. Arvind Kajaria. |
| Number of Equity Shares held (as on 31 March 2018)                                | 2,800,014                                                                                                                                                                                                                                                                                                     |



## INTRASOFT TECHNOLOGIES LIMITED

CIN: L24133MH1996PLC197857

Registered Office: 502A, Prathamesh, Raghuvanshi Mills Compound, Senapati Bapat Marg, Lower Parel (w), Mumbai – 400 013

Tel: 022 4004 0008 Fax: 022 2490 3123 Email: [intrasoft@itlindia.com](mailto:intrasoft@itlindia.com) Website: [www.itlindia.com](http://www.itlindia.com)

### ATTENDANCE SLIP

I/We hereby record my/our presence at the 23<sup>rd</sup> Annual General Meeting of the Company held on Wednesday, 12 September 2018 at 3:00 P.M. at Sunville, Orchid Room, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

Name \_\_\_\_\_

Address \_\_\_\_\_

Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_ Client ID \_\_\_\_\_ DP ID \_\_\_\_\_

Name of Proxy/Representative, if any \_\_\_\_\_

Signature of the Shareholder(s)/Proxy/Representative \_\_\_\_\_

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### PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 read with  
Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) : \_\_\_\_\_

Registered Address : \_\_\_\_\_

Email ID : \_\_\_\_\_

Folio No. / Client ID : \_\_\_\_\_

DP ID : \_\_\_\_\_

I / We, being the member(s) of \_\_\_\_\_ shares of IntraSoft Technologies Ltd, hereby appoint:

1) Name : \_\_\_\_\_

Address : \_\_\_\_\_

Email : \_\_\_\_\_ or failing him

2) Name : \_\_\_\_\_

Address : \_\_\_\_\_

Email : \_\_\_\_\_ or failing him

3) Name : \_\_\_\_\_

Address : \_\_\_\_\_

Email : \_\_\_\_\_ or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23<sup>rd</sup> Annual General Meeting of the Company, to be held on Wednesday, 12 September 2018 at 3:00 P.M. at Sunville, Orchid Room, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018 and at any adjournment thereof in respect of such resolutions as are indicated below;

| Sr. No. | Resolutions                                                                                                                                                                                         |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.      | To consider and adopt the Audited Standalone and Consolidated Financial Statement for the financial year ended 31 March 2018 along with the reports of the Board of Directors and Auditors thereon. |
| 2.      | To declare dividend on Equity Shares for the financial year ended on 31 March 2018.                                                                                                                 |
| 3.      | Re-appointment of Mr. Arvind Kajaria as director, who retires by rotation.                                                                                                                          |
| 4.      | To Authorise the Board of Directors of the Company to determine the Fees to be charged from Members for Delivery of the documents under Section 20 of the Companies Act, 2013                       |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Signature of Shareholder(s) : \_\_\_\_\_

Signature of Proxy(s) : \_\_\_\_\_

Affix  
Revenue  
Stamp

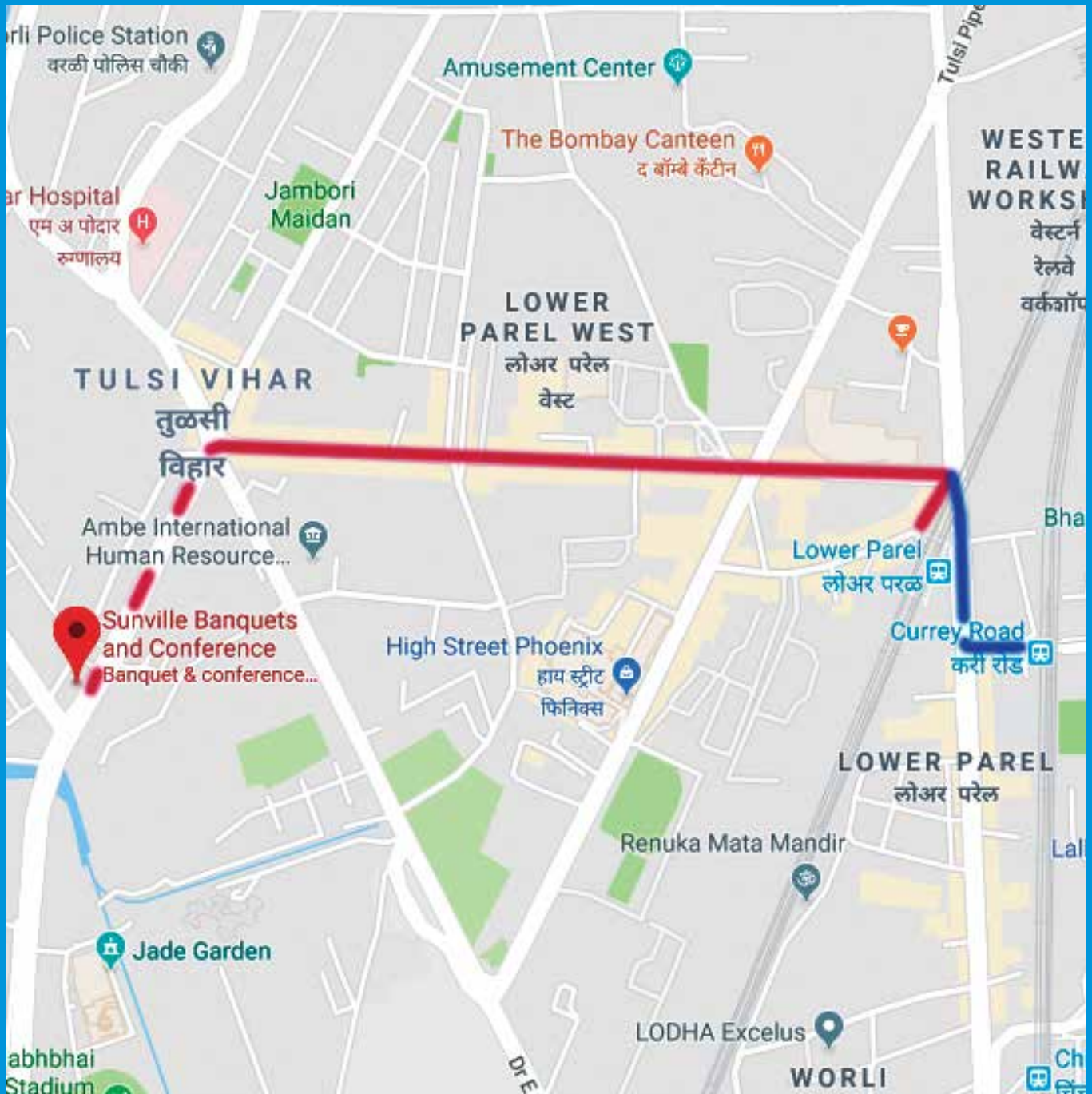
## NOTES

[illegible]

## NOTES

[illegible]

Route Map to Venue of the 23rd AGM of IntraSoft Technologies Limited on 12 September 2018



**Sunville Banquets and Conference**  
9, Dr Annie Besant Rd, Worli, Mumbai,  
Maharashtra 400018



**INTRASOFT TECHNOLOGIES LIMITED**

A-502, Prathamesh, Raghuvanshi Mills Compound,  
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013  
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Email: intrasoft@itlindia.com