



INDEPENDENT AUDITORS' REPORT

To the Members of Vakrangee Finserve Limited,

Report on the Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying financial statements of Vakrangee Finserve Limited (the 'Company'), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act and the rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind



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AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
8. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.



- (f) With respect to adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company does not have any pending litigations as at March 31, 2018 and accordingly there is no impact on its financial position which requires to be disclosed in its Ind AS financial statements;
- (ii) The Company does not have long-term contracts, including derivative contracts, as at March 31, 2018;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

For S K Patodia & Associates
Chartered Accountants
Firm Registration Number: 112723W

Arun Poddar

Arun Poddar
Partner
Membership No. : 134572

Place : Mumbai
Date : May 25, 2018



Annexure A to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Vakrangee Finserve Limited on the financial statements as of and for the year ended March 31, 2018.
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- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over the year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.

(c) As per the records examined by us, the Company does not have any immovable property. Accordingly, the provisions of Clause 3(i)(c) of the Order are not applicable to the Company.
- ii. The Company does not have any inventories and accordingly the provisions of Clause 3(ii) of the Order are not applicable to the Company.
- iii. (a) The Company has granted unsecured loan, to its Holding Company covered in the register maintained under Section 189 of the Companies Act. The company has not granted any secured / unsecured loans to firms or other parties covered in the register maintained under Section 189 of the Companies Act.

(b) In respect of the aforesaid loan, the party has repaid the principal amounts, as stipulated, and is also regular in payment of interest as applicable.

(c) In respect of the aforesaid loan, in the case where the overdue amount is more than Rupees One Lakh, in our opinion, reasonable steps have been taken by the Company for the recovery of the principal amounts and interest.
- iv. In our opinion and according to the information and explanation given to us, the Company has not given any loan, guarantee or security in respect of loans or made investments, except loan to Holding Company, as per the provisions of section 185 and 186 of the Companies Act, 2013. The Company has complied with the provisions of Section 185 and 186 of the Companies Act.
- v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- vi. The Central Government of India has not prescribed the maintenance of cost records under sub-section(1) of section 148 of the Companies Act.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, and other statutory dues, as applicable, with the appropriate authorities.



Annexure A to Independent Auditors' Report

Referred to in paragraph 8 of the Independent Auditors' Report of even date to the members of Vakrangee Finserve Limited on the financial statements as of and for the year ended March 31, 2017.

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- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise or value added tax or cess which have not been deposited on account of any dispute.
- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowing to any financial institution, bank, government or dues to debenture holders as at the balance sheet date.
- ix. According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any money by way of initial public offer or further public offer and term loans. Accordingly, provisions of Clause 3(ix) of the Order are not applicable to the company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has not paid / provided any managerial remuneration during the year and accordingly the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act are not applicable.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. In our opinion and as per information and explanations provided to us by management all the transactions with the related parties are in compliance with the provisions of sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. According to the records of the Company examined by us and the information and explanation given to us, the company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.



Annexure A to Independent Auditors' Report

Referred to in paragraph 8 of the Independent Auditors' Report of even date to the members of Vakrangee Finserve Limited on the financial statements as of and for the year ended March 31, 2017.

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- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For S K Patodia & Associates
Chartered Accountants
Firm Registration Number: 112723W

Arun Poddar
Arun Poddar
Partner
Membership No. : 134572

Place: Mumbai
Date: May 25, 2018



Annexure B to Independent Auditors' Report

Referred to in paragraph 8(f) of the Independent Auditors' Report of even date to the members of Vakrangee Finserve Limited on the financial statements as of and for the year ended March 31, 2018.

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

1. We have audited the internal financial controls over financial reporting of Vakrangee Finserve Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation, and maintenance of adequate internal financial controls which were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI) and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included operating and understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exist, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statement, 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 internal financial controls over financial reporting.



Annexure B to Independent Auditors' Report

Referred to in paragraph 8(f) of the Independent Auditors' Report of even date to the members of Vakrangee Finserve Limited on the financial statements as of and for the year ended March 31, 2018.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Generally Accepted Accounting Principles. A company's internal financial controls over financial reporting includes those policies and procedures that :
- pertain to the maintenance of records that, in reasonable details, accurately and fairly reflect the transaction and dispositions of the assets of the company;
 - provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
 - provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or dispositions 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 internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future period are subject to the risk that the internal financial controls over financial reporting may become inadequate because of the changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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

For S K Patodia & Associates
Chartered Accountants
Firm Registration Number: 112723W

Arun Poddar

Arun Poddar
Partner
Mem. No. : 134572

Place : Mumbai
Date : May 25, 2018



Vakrangee Finserve Limited

Balance Sheet as at March 31, 2018

(Amount in ₹ 000's)

Particulars	Note No.	As at March 31, 2018		As at March 31, 2017	
I ASSETS					
1 Non - Current Assets					
Property, Plant and Equipment	4	-		10.83	
Financial Assets					
(i) Other Financial assets	5	45,134.36		10,399.79	
Income Tax Assets (Net)	6	16,453.11		9,989.89	
Deferred Tax Assets (Net)	7	7,043.25		18,591.06	
Total Non-Current Assets			68,630.72		38,991.57
2 Current Assets					
Financial Assets					
(i) Trade Receivables	8	1,07,482.10		1,00,185.61	
(ii) Cash and cash equivalents	9	44,995.75		40,248.23	
(iii) Bank balance other than (ii) above	9	49,294.24		38,337.99	
(iv) Loans	10	2,000.00		2,000.00	
(v) Other Financial assets	11	8,825.52		7,766.02	
Current Tax Assets (Net)	12	4,555.45		-	
Other Current Assets	13	108.98		118.40	
Total Current Assets			2,17,262.04		1,88,656.25
TOTAL			2,85,892.76		2,27,647.82
II EQUITY & LIABILITIES					
1 EQUITY					
Equity Share Capital	14	1,50,000.00		1,50,000.00	
Other Equity	15	76,582.00		5,891.62	
Total Equity			2,26,582.00		1,55,891.62
LIABILITIES					
2 Non-Current Liabilities					
			-		-
3 Current liabilities					
Financial Liabilities					
(i) Trade Payables	16	52,457.68		48,970.28	
Provisions	17	147.00		18,706.66	
Other Current Liabilities	18	6,706.08		4,079.26	
Total Current Liabilities			59,310.76		71,756.20
Total Liabilities (2 + 3)			59,310.76		71,756.20
TOTAL			2,85,892.76		2,27,647.82
Significant Accounting Policies	1-3				

The accompanying notes forms an integral part of the financial statements

For S. K. Patodia & Associates
Chartered Accountants
Firm Registration No: 112723W

Arun Poddar
Partner
Membership No. 134572



For & on behalf of the Board of Directors

Dinesh Nandwana
Director
DIN: 00062532

Dr. Nishikant Hayatnagar
Director
DIN: 00062638

Vinod Jain
Chief Financial Officer

Jay Bhansali
Company Secretary



Place : Mumbai
Date : May 25, 2018

Place : Mumbai
Date : May 25, 2018

Vakrangee Finserv Limited

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

(Amount in ₹ 000's)

	Particulars	Note No.	For the year ended March 31, 2018		For the year ended March 31, 2017	
I	Income					
	Revenue from Operations	19	5,17,486.19		4,46,978.63	
	Other Income	20	4,222.45		4,118.41	
	Total Income			5,21,708.64		4,51,097.04
II	Expenses					
	Operating Expenses	21	4,01,909.20		3,48,152.57	
	Finance Costs	22	119.85		20,282.75	
	Depreciation and Amortization Expense	4	10.83		4,320.83	
	Other Expenses	23	15,096.48		1,263.73	
	Total Expenses			4,17,136.36		3,74,019.88
III	Profit before tax			1,04,572.28		77,077.16
IV	Tax Expense:					
	(a) Current Tax		22,334.09		15,736.81	
	(b) Deferred Tax		11,547.81		(13,036.63)	
				33,881.90		2,700.18
V	Profit for the year			70,690.38		74,376.98
VI	Other Comprehensive Income					
	Items that will be reclassified subsequently to profit or loss		-		-	
	Items that will not be reclassified subsequently to profit or loss		-		-	
VII	Total Comprehensive income for the period			70,690.38		74,376.98
VIII	No. of equity shares for computing EPS	24				
	(1) Basic			15,000.00		2,292.47
	(2) Diluted			15,000.00		2,292.47
IX	Earnings Per Equity Share (Face Value ₹ 10/- Per Share):					
	(1) Basic (₹)			4.71		32.44
	(2) Diluted (₹)			4.71		32.44
	Significant Accounting Policies	1-3				

The accompanying notes forms an integral part of the financial statements

For S. K. Patodia & Associates
Chartered Accountants
Firm Registration No: 112723W

Arjun Poddar
Partner
Membership No. 134572



For & on behalf of the Board of Directors

Dinesh Nandwana
Director
DIN: 00062532

Dr. Nishikant Hayatnagarkar
Director
DIN: 00062638

Place : Mumbai
Date : May 25, 2018

Vinod Jain
Chief Financial Officer

Jay Bhansali
Company Secretary



Vakrangee Finserv Limited

Cash flow statement for the year ended March 31, 2018

(Amount in ₹ 000's)

S. No	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
I	Cash flow from operating activities		
	Profit before tax from continuing operations	1,04,572.28	77,077.17
	Profit before tax from discontinuing operations	-	-
	Profit before tax	1,04,572.28	77,077.17
	Non-cash adjustment to reconcile profit before tax to net cash flows		
	Depreciation of property, plant and equipment	10.83	4,320.83
	Gain on disposal of property, plant and equipment	-	(30.31)
	Finance costs	119.85	20,282.74
	Interest income	(4,222.45)	(4,088.10)
	Dividend income	-	-
	Operating profit before working capital changes	1,00,480.51	97,562.33
	Movements in assets and liabilities :		
	Decrease / (increase) in trade receivables	(7,296.49)	(33,763.07)
	Decrease / (increase) in loans and other financial assets	(46,750.32)	(18,845.33)
	Decrease / (increase) in other current assets	9.42	(11,889.94)
	Increase / (decrease) in trade payables	3,487.41	17,248.78
	Increase / (decrease) in provisions	(18,559.66)	17,800.52
	Increase / (decrease) in other current liabilities	2,626.82	(13,085.42)
	Cash generated from operations	33,997.69	55,027.87
	Income taxes paid (net of refunds)	(33,352.76)	(6,006.13)
	Net cash flow from / (used in) operating activities (A)	644.93	49,021.74
II	Cash flow from investing activities		
	Purchase of property, plant and equipment	-	-
	Proceeds from sale of property, plant and equipment	-	39.98
	Interest received	4,222.45	4,088.10
	Dividends received	-	-
	Net cash flow from / (used in) investing activities (B)	4,222.45	4,128.08
III	Cash flow from financing activities		
	Proceeds from issue of shares	-	1,47,500.00
	Repayment of borrowings	-	(1,57,994.30)
	Interest paid	(119.85)	(20,282.74)
	Net cash flow from / (used in) in financing activities (C)	(119.85)	(30,777.04)
	Net increase / (decrease) in cash and cash equivalents (A + B + C)	4,747.53	22,372.78
	Cash and cash equivalents at the beginning of the year	40,248.23	17,875.45
	Cash and cash equivalents at the end of the year	44,995.76	40,248.23

The accompanying notes forms an integral part of the financial statements

For S. K. Patodia & Associates
Chartered Accountants
Firm Registration No: 112723W

Arun Poddar
Partner
Membership No. 134572



Place : Mumbai
Date : May 25, 2018

For & on behalf of the Board of Directors

Dinesh Nandwana
Director
DIN: 00062532

Dr. Nishikant Hayatnagarkar
Director
DIN: 00062638

Place : Mumbai
Date : May 25, 2018

Vinod Jain
Chief Financial Officer

Jay Bhansali
Company Secretary



Vakrangee Finserve Limited

Statement of changes in equity for the year ended March 31, 2018

(Amount in ₹ 000's)

Particulars	Equity Share Capital	Other Equity		Total equity attributable to equity holders of the Company
		Reserve and Surplus		
		Retained earnings		
As at March 31, 2016	2,500.00	(68,485.36)		(65,985.36)
Profit for the year	-	74,376.98		74,376.98
Other comprehensive income	-	-		-
Issue of equity shares	1,47,500.00	-		1,47,500.00
As at March 31, 2017	1,50,000.00	5,891.62		1,55,891.62
Profit for the year	-	70,690.38		70,690.38
Other comprehensive income	-	-		-
Issue of equity shares	-	-		-
As at March 31, 2018	1,50,000.00	76,582.00		2,26,582.00

The accompanying notes forms an integral part of the financial statements

For S. K. Patodia & Associates
Chartered Accountants
Firm Registration No: 112723W

Arun Poddar

Arun Poddar
Partner
Membership No. 134572



For & on behalf of the Board of Directors

Dinesh Nandwana
Dinesh Nandwana
Director
DIN: 00062532

N. K. Nayak
Dr. Nishikant Hayatnagarkar
Director
DIN: 00062638

Vinod Jain
Vinod Jain
Chief Financial Officer

Jay. M. Bhansali
Jay Bhansali
Company Secretary



Place : Mumbai
Date : May 25, 2018

Place : Mumbai
Date : May 25, 2018

Vakrangee Finserve Limited

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

Note 1 - Corporate Information

Vakrangee Finserve Limited (hereinafter referred to as “the Company”) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at ‘Vakrangee Corporate House, Plot No.93, Road No.16, M.I.D.C. Marol, Andheri East, Mumbai - 400093, Maharashtra, India. The Company is a wholly owned subsidiary of Vakrangee Limited, whose shares are listed on two stock exchanges in India- the Bombay Stock Exchange (BSE) and National Stock Exchange of India (NSE).

The Company is engaged in providing financial inclusion services through its business correspondent agents.

The financial statements were authorized for issue by the Company’s Board of Directors on May 25, 2018.

Note 2 - Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These accounting policies have been consistently applied to all the years presented by the Company unless otherwise stated.

A. Basis of preparation

i. Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (hereinafter referred to as “Ind AS”) under the provisions of the Companies Act, 2013 (hereinafter referred to as ‘the Act’) (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company had adopted the Ind AS standards in accordance with Ind AS 101 *First time adoption of Indian Accounting Standards* during the year ended March 31, 2017.

The accounting policies have been consistently applied by the Company unless otherwise stated or where a newly issued accounting standard is initially adopted.

Current versus non-current classification

ii. Basis of measurement

The financial statements have been prepared on historical cost basis except the following

- certain financial assets and liabilities (including derivative instruments) are measured at fair value;
- assets held for sale- measured at fair value less cost to sell;
- defined benefit plans- plan assets measured at fair value; and
- share based payments



B. Summary of significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current /non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting date, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non –current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products and services offered by the Company, operating cycle determined is 12 months for the purpose of current and non-current classification of assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

c. Foreign Currencies

The company's financial statements are presented in INR (rounded off to thousands), which is also the company's functional currency.

Transaction and balances

Transactions in foreign currencies are initially recorded by the company in their functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting period.



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

Exchange differences arising on the settlement of monetary items or on translating monetary items are recognized in the statement of profit or loss except

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

b. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of services

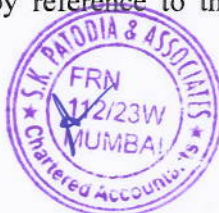
The Company recognizes revenue on accrual basis when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method of recognizing the revenues and costs depends on the nature of the services rendered. Revenue is recognized when no significant uncertainty exists as to its realization or collection.

The Company recognizes the commission income on earned basis for financial inclusion activities (like deposit, withdrawal, fund transfer, money transfer etc.) performed through business correspondent agents.

The amount recognised as revenue in its Statement of Profit and Loss is exclusive of Service Tax, goods and service tax and Value Added Taxes (VAT), and is net of discounts.

Interest Income

Interest income from financial assets is recognized when it is probable that economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the



Vakrangee Finserve Limited

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

effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

Dividend Income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

c. Property, Plant and Equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replaced part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Subsequent to recognition, property, plant and equipment (excluding freehold land) are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the company recognizes such parts as individual assets with specific useful lives and depreciation respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement cost only if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the Statement of Profit and Loss as incurred.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and useful lives.



Vakrangee Finserve Limited

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

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over the useful lives, using the straight- line method ("SLM"). Management believes based on a technical evaluation that the useful lives of the assets reflect the periods over which these assets are expected to be used, which are as follows:

Description of Asset	Rate of Depreciation
Computers and Printers, including Computer Peripherals	33.33%
Office Equipments	20.00%
Furniture & Fixtures	10.00%
Motor Vehicles	12.50%
Plant & Machinery	6.67%
Project Assets (comprising of Computers and Printers, including Computer Peripherals, Furniture and Fixtures and Office Equipments)	25.00% – 33.33%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

d. Taxation

Current taxes

Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity respectively. Current income tax is recognized at the amount 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 offsets, on a year to year basis, the current tax assets and liabilities, where it has legally enforceable right to do so and where it intends to settle such assets and liabilities on a net basis.



Deferred taxes

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax relating to items recognised outside the profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

e. Fair Value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to settle 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 liability, the Company takes into account the characteristics of the asset or liability if market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by



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

re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

This note summaries accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

f. 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 impairment loss (if any). When 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. When 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal 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 recognized in the profit or loss.

When 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 profit or loss.

g. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the



acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

Debt Instruments 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. Interest income from these financial assets is included in finance income using the effective interest rate method. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognized in profit or loss when the asset is derecognised or impaired.

Debt instrument at Fair Value through Other Comprehensive Income (OCI)

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 asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate method. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment gains or losses and foreign exchange gains and losses in the statement of profit and loss. On derecognition of the asset, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit and loss.

Debt instrument at Fair Value through Profit or Loss (FVTPL)

A financial asset which does not meet the criteria for categorization as at amortized cost or as fair value through other comprehensive income is classified as fair value through profit or loss. Debt instruments subsequently measured at fair value through profit or loss are measured at fair value with all changes recognized in the statement of profit and loss.

Equity instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Dividends from such investments are recognized in profit or loss as other income. There is no recycling of the amounts from OCI to Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.



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

Equity instruments subsequently measured at fair value through profit or loss are measured at fair value with all changes recognized in the statement of profit and loss.

Investment in subsidiaries is carried at cost in the financial statements.

c) De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the company balance sheet) when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

d) Impairment of financial assets

The Company recognises impairment loss applying the expected credit loss (ECL) model on the financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual right to receive cash or other financial asset and financial guarantee not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses.

For trade receivables or any contractual right to receive cash or other financial assets that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.



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

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company applies 'simplified approach' permitted by Ind AS 109 Financial Instruments. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Financial Liabilities

a) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

b) Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk is recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.



Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Such amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

c) Derecognition

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

d) 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.

h. Inventories

Inventories are valued at lower of cost on First-In-First-Out (FIFO) or net realizable value after providing for obsolescence and other losses, where considered necessary. Cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of purchased inventory is determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

i. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily takes a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.



j. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

k. Provisions

Provisions are recognised when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

l. 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 beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Payments in respect of such liabilities, if any are shown as advances.

m. Earnings Per Share

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

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account

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



n. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), and highly liquid time deposits that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Note 3 - Critical Accounting Judgements and Estimates

The preparation of financial statements in conformity with Ind AS requires judgements, estimates and assumptions to be made that affect the reported amount of assets, liabilities, revenue, expenses, accompanying disclosures and the disclosures of contingent liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from those estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future period.

Application of accounting policies that require critical accounting estimates and the use of assumptions in the financial statements are as follows:

▪ **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 21 The Effect of Changes in Foreign Exchange Rates

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 - Revenue, Ind AS 11 - Construction Contracts when it becomes effective.



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

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company is evaluating the possible impact of Ind AS 115 and will adopt the standard with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Under this transition method, cumulative effect of initially applying Ind AS 115 is recognised as an adjustment to the opening balance of retained earnings of the annual reporting period. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.



Vakrangee Finserve Limited

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

Note 4 - Property, Plant and Equipment

(Amount in ₹ 000's)

Description	Computer and Peripharals
Cost or Valuation	
At 31st March, 2016	20,379.07
Additions	-
Disposals	68.50
At 31st March, 2017	20,310.57
Additions	-
Disposals	-
At 31st March, 2018	20,310.57
Depreciation and Impairment	
At 31st March, 2016	16,037.74
Depreciation charged for the year	4,320.83
Disposals	58.84
At 31st March, 2017	20,299.73
Depreciation charged for the year	10.83
At 31st March, 2018	20,310.56
Net Book Value	
At 31st March, 2018	0.00
At 31st March, 2017	10.83
At 31st March, 2016	4,341.33



Vakrangee Finserve Limited

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

Note 5 - Others Financial Assets
(Non-Current)

(Amount in ₹ 000's)

Particulars	As at March 31, 2018	As at March 31, 2017
Deposits with bank : - with maturity period of more than 12 months *	45,134.36	10,399.79
TOTAL	45,134.36	10,399.79

* Amount held as margin money or security against borrowings, guarantee, other commitments

Note 6 - Income Tax Assets (Net)

(Amount in ₹ 000's)

Particulars	As at March 31, 2018	As at March 31, 2017
Income Tax (net of provision for taxation)	16,453.11	9,989.89
TOTAL	16,453.11	9,989.89

Note 7 - Deferred Tax Assets (Net)

(Amount in ₹ 000's)

Particulars	As at March 31, 2018	As at March 31, 2017
Assets		
(i) On account of difference in depreciation on Fixed Assets	(61.00)	112.00
(ii) MAT Credit Entitlement	7,043.25	18,591.06
(iii) Temporary differences on Tax Provisions	(3,771.00)	-
(A)	3,211.25	18,703.06
Liabilities		
(i) Temporary differences on Tax Provisions	-	-
(B)	-	-
TOTAL (A - B)	3,211.25	18,703.06
Add : Impact on deferred tax asset carrying value*	(3,832.00)	(112.00)
Balance Carried to Balance Sheet	7,043.25	18,591.06

*The temporary differences arising as at year-end are deferred tax assets. There are no items for which there is deferred tax liability as at year-end. Hence, on the basis of reasonable certainty, such deferred tax assets have not been recognised and carried forward.

Under the Income Tax Act, 1961, Minimum Alternate Tax paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities. MAT is recognised as a deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised. Accordingly, the Company has recognised a deferred tax asset of ₹ 7,043.25 thousands (March 31, 2017 : ₹ 18,591.06 thousands)

Note 8 - Trade Receivables
(Current)

(Amount in ₹ 000's)

Particulars	As at March 31, 2018	As at March 31, 2017
(Unsecured)		
Considered Good	1,07,482.10	1,00,185.61
Considered Doubtful	12,949.77	-
	1,20,431.87	1,00,185.61
Less: Allowance for credit Losses	12,949.77	-
TOTAL	1,07,482.10	1,00,185.61

Note 9 - Cash and Cash Equivalents and Other Bank Balances

(Amount in ₹ 000's)

Particulars	As at March 31, 2018	As at March 31, 2017
(A) Cash and Cash equivalents		
(i) Balances with Banks :		
- Current Accounts	44,634.09	39,834.86
(ii) Cash-in-hand	361.66	413.37
TOTAL	44,995.75	40,248.23
(B) Other Bank Balances		
(i) Fixed Deposits with Bank	49,294.24	38,337.99
- with maturity period of more than 3 months but less than 12 months *		
TOTAL	49,294.24	38,337.99

* Amount held as margin money or security against borrowings, guarantee, other commitments



**Note 10 - Loans
(Current)**

(Amount in ₹ 000's)

Particulars	As at March 31, 2018	As at March 31, 2017
Security Deposit	2,000.00	2,000.00
TOTAL	2,000.00	2,000.00

**Note 11 - Other Financial Assets
(Current)**

(Amount in ₹ 000's)

Particulars	As at March 31, 2018	As at March 31, 2017
Advance for Outlets	7,286.91	6,610.85
Advances to Business Correspondents Agents	1,538.61	1,155.17
TOTAL	8,825.52	7,766.02

Note 12 - Current Tax Assets (Net)

(Amount in ₹ 000's)

Particulars	As at March 31, 2018	As at March 31, 2017
Income Tax (net of provision for taxation)	4,555.45	-
TOTAL	4,555.45	-

Note 13 - Other Current Assets

(Amount in ₹ 000's)

Particulars	As at March 31, 2018	As at March 31, 2017
- Prepaid expenses	108.98	118.40
TOTAL	108.98	118.40



Vakrangee Finserve Limited

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

Note 14 - Equity Share Capital

Equity share capital

(i) Authorised share capital (Amount in ₹ 000's)

Particulars	Number of shares (in thousands)	Amount
As at March 31, 2016	10,000	1,00,000
Increase during the year	10,000	1,00,000
As at March 31, 2017	20,000	2,00,000
Increase during the year	-	-
As at March 31, 2018	20,000	2,00,000

(ii) Paid up Equity share capital (Amount in ₹ 000's)

Particulars	Number of shares (in thousands)	Amount
As at March 31, 2016	250	2,500
Issued during the year	14,750	1,47,500
As at March 31, 2017	15,000	1,50,000
Issued during the year	-	-
As at March 31, 2018	15,000	1,50,000

(iii) Shares held by Holding Company, its Subsidiaries and Associates

- Equity Shares held by the Holding Company (Amount in ₹ 000's)

Particulars	As at March 31, 2018	As at March 31, 2017
1,50,00,000 equity shares are held by Vakrangee Limited (March 31, 2017 : 1,50,00,000 equity shares)	1,50,000	1,50,000

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares (in thousands)	% Holding	Number of shares (in thousands)	% Holding
Vakrangee Limited	15,000	100%	15,000	100%

(v) Detailed note on the terms of the rights, preferences and restrictions relating to each class of shares including restrictions on the distribution of dividends and repayment of capital.

The Company has only one class of Equity Shares having a par value of ₹ 10/- per share. Each holder of Equity Share is entitled to one vote per share. New equity shares issued shall be ranked pari-passu to the existing equity shares.

In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the shareholders.

(vi) The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

Note 15 - Other Equity

(Amount in ₹ 000's)

Particulars	As at March 31, 2018	As at March 31, 2017
Surplus in Statement of Profit & Loss	76,582.00	5,891.62
Total	76,582.00	5,891.62

Surplus in Statement of Profit & Loss (Amount in ₹ 000's)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening balance	5,891.62	(68,485.36)
Add:- Profit for the year	70,690.38	74,376.98
Closing balance	76,582.00	5,891.62



Vakrangee Finserve Limited

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

Note 16 - Trade Payables

(Amount in ₹ 000's)		
Particulars	As at March 31, 2018	As at March 31, 2017
Trade Payables*	52,457.68	48,970.28
TOTAL	52,457.68	48,970.28

*Includes dues to micro, small and medium enterprises

Note 17 - Provisions

(Amount in ₹ 000's)		
Particulars	As at March 31, 2018	As at March 31, 2017
Provision for Expenses	147.00	18,706.66
TOTAL	147.00	18,706.66

Note 18 - Other Current Liabilities

(Amount in ₹ 000's)		
Particulars	As at March 31, 2018	As at March 31, 2017
Withholding taxes and others	6,636.13	4,007.84
Audit Fees Payable	69.95	71.42
TOTAL	6,706.08	4,079.26

Note 19 - Revenue from Operations

(Amount in ₹ 000's)		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from Sale of Services		
- Information Technology-enabled Services (ITeS)	5,17,486.19	4,46,978.63
TOTAL	5,17,486.19	4,46,978.63

Note:- The amount of revenues above are exclusive of indirect taxes (goods and service tax, service tax, sales tax, etc.).

Note 20 - Other Income

(Amount in ₹ 000's)		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Interest Income on		
- Bank Deposits	3,741.62	3,618.16
- Loan to Holding Company	480.82	-
- Interest on IT Refund	-	469.93
	4,222.45	4,088.10
(b) Net gain on disposal of Property plant and equipment	-	30.31
TOTAL	4,222.45	4,118.41

Note 21 - Operating Expenses

(Amount in ₹ 000's)		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Commission Expenses	4,01,235.72	3,47,533.42
Communication Costs	673.48	619.15
TOTAL	4,01,909.20	3,48,152.57



Vakrangee Finserve Limited

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

Note 22 - Finance Costs

(Amount in ₹ 000's)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Expenses		
- Banks	-	-
- Others	96.97	20,152.06
Bank Charges & Commission	22.88	130.69
TOTAL	119.85	20,282.75

Note 23 - Other Expenses

(Amount in ₹ 000's)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Telephone & Postage Expenses	3.96	2.05
Conveyance & Travelling Expenses	7.73	1.98
Rates & Taxes	0.86	29.70
Sundry Balances written off	1,571.17	0.72
Allowance for credit losses	12,949.77	-
Tender /Bid Expenses	30.00	-
Bank Charges	40.88	44.87
Legal & Professional Fees - Other than payments to Auditor		
- Legal & Professional Fees	147.50	10.00
- Filing Stamp Duty and Franking Charges	113.35	1,084.89
- Registration charges	-	-
Payments to Auditors :		
- Audit fees	86.25	65.80
- Tax Audit fees	-	15.00
- For Other Services	30.00	-
Office & General Expenses	115.00	8.73
TOTAL	15,096.48	1,263.73

Note 24 - Earnings Per Equity Share

(Amount in ₹ 000's)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Net profit after tax attributable to equity shareholders for Basic EPS	70,690.38	74,376.98
Add/Less: Adjustment relating to potential equity shares	-	-
Net profit after tax attributable to equity shareholders for Diluted EPS	70,690.38	74,376.98
(b) Weighted average no. of equity shares outstanding during the year		
For Basic EPS	15,000.00	2,292.47
For Diluted EPS	15,000.00	2,292.47
(c) Basic EPS (₹)	4.71	32.44
Diluted EPS (₹)	4.71	32.44
Face Value per Equity Share (₹)	10.00	10.00
(d) Reconciliation between no. of shares used for calculating basic and diluted EPS		
No. of shares used for calculating Basic EPS	15,000.00	2,292.47
Add: Potential equity shares	-	-
No. of shares used for calculating Diluted EPS	15,000.00	2,292.47



Vakrangee Finserve Limited

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

Note 25 - Contingent Liabilities and Commitments (to the extent not provided for)

(Amount in ₹ 000's)

Particulars	As at March 31, 2018	For the year ended March 31, 2017
i) Company has provided Bank Guarantee to various parties which is not acknowledged in books of accounts	45,030.00	45,030.00
	<u>45,030.00</u>	<u>45,030.00</u>

Note 26 - Related Party Transactions

a) Key Management Personnel

Dinesh Nandwana	Director
Dr. Nishikant Hayatnagarkar	Director
Nitinkumar Sharma	Director
Jay Bhansali	Company Secretary (w.e.f. February 02, 2017)
Vinod Jain	Chief Financial Officer (w.e.f. March 29, 2017)

b) Relative of key management personnel and Name of the enterprises having same key management personnel and/ or their relatives as the reporting enterprises.

- NJD Capital Private Limited (formerly known as Vakrangee Capital Private Limited)

c) Holding Company of the company with whom company has entered in transactions during the year

- Vakrangee Limited

Transactions during the year

- In relation to (c)

(Amount in ₹ 000's)

Nature of Transaction	For the year ended March 31, 2018	For the year ended March 31, 2017
Loans received	-	1,674.59
Interest Charged	-	19,988.01
Loan Repaid	-	1,79,656.91
Loans granted	39,000.00	-
Loans received back	39,480.82	-
Interest Earned	480.82	-
Reimbursement of expenses	2,398.21	-
Equity Share Capital issued	-	1,47,500.00
Balance as on March 31 :		
Equity share capital	1,50,000.00	1,50,000.00

Note 27 - Amounts due to Micro, Small and Medium Enterprises:

The Company has not received any intimation from the suppliers under the The Micro, Small & Medium Enterprises Development Act 2006 and therefore disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.



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

Note 28 - Financial Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk. The below note explains the sources of risk which the entity is exposed to and how the entity manages the risk :

Exposure arising from	Risk	Measurement	Management
Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Credit Risk	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Borrowings and other liabilities	Liquidity Risk	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Future commercial transactions. Recognised financial assets and liabilities not denominated in Indian Rupee (INR)	Market Risk - foreign exchange	Cash flow forecasting Sensitivity analysis	Forwarded foreign exchange contracts Foreign currency options
Long-Term borrowings at variable rates	Market Risk - interest rate	Sensitivity analysis	Interest rate swaps
Investments in equity securities	Market Risk - security prices	Sensitivity analysis	Portfolio diversification

Note 29 - Income Taxes

- (a) A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

Particulars	(Amount in ₹ 000's)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before income taxes	1,04,572.28	77,077.16
Enacted tax rates in India	28.84%	34.61%
Computed expected tax expense	30,158.64	26,676.40
Effect of non-deductible expenses	3,723.26	28.36
Absorption of unabsorbed brought forward losses and depreciation	-	(24,004.59)
Income Tax expense	33,881.90	2,700.17

- (b) The following table provides the details of income tax liabilities and income tax assets as of March 31, 2018 and March 31, 2017 :

Particulars	(Amount in ₹ 000's)	
	As at March 31, 2018	As at March 31, 2017
Current Income Tax Liabilities	-	-
Income Tax Assets	21,008.56	9,989.89
Net income tax liabilities / (assets) at the end	(21,008.56)	(9,989.89)

The gross movement in the current income tax liability / (asset) for the year March 31, 2018 and March 31, 2017 is as follows:

Particulars	(Amount in ₹ 000's)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Net current income tax liability / (asset) at the beginning	(9,989.89)	(7,817.13)
Income Tax paid	(33,352.76)	(6,006.13)
MAT Credit utilisation	(11,547.81)	-
Current Income Tax expense	33,881.90	3,833.37
Net current income tax liability / (asset) at the end	(21,008.56)	(9,989.89)

- (c) The gross movement in the deferred income tax account for the three months and year ended March 31, 2018 and March 31, 2017, are as follows:

Particulars	(Amount in ₹ 000's)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Net deferred income tax liability / (asset) at the beginning	(18,591.06)	(5,554.43)
Movements relating to temporary differences	11,547.81	(13,036.63)
Temporary differences on other comprehensive income	-	-
Net deferred income tax liability / (asset) at the end	(7,043.25)	(18,591.06)

The timing differences arising as at year-end are deferred tax assets. There are no items for which there is deferred tax liability as at year-end. Hence, on the basis of reasonable certainty, such deferred tax assets have not been recognised and carried forward.

Note 30 - Previous year / period figures

The financial statements have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable. The previous year's figures have been regrouped or rearranged wherever necessary.

As per our report of even date attached.

For S. K. Patodia & Associates
Chartered Accountants
Firm Registration No: 112723W

Arun Poddar
Partner
Membership No. 134572



For & on behalf of the Board of Directors

Dinesh Chandwana
Director
DIN: 00062532

Dr. Nishikant Haysnagar
Director
DIN: 00062638

Place : Mumbai
Date : May 25, 2018

Vinod Jain
Chief Financial Officer

Jay Bhansali
Company Secretary

