# Carol Info Services Limited

# ANNUAL REPORT
# 2017-18

# Carol Info Services Limited

## BOARD OF DIRECTORS

**Dr. G. B. PARULKAR**
Chairman & Managing Director

**NEERAJ JAIN**
Non-Executive Director

**AKHTAR SHAMSI**
Independent Director

**STEPHEN D'SOUZA**
Non-Executive Director

**VIJAYA NAIR**
Independent Director

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**BANKERS**

Allahabad Bank
IDBI Bank Ltd.

**AUDITORS**

M/s. M.P. Chitale & Co.

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**REGISTERED OFFICE**

Wockhardt Towers,
Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051
Tel.: +91 22 2653 4444
Fax: +91 22 2652 3905
Email: investorrelations@carolinfoservices.com
CIN: U74999MH1979PLC021942
Website: www.carolinfoservices.com

**REGISTRAR & TRANSFER AGENTS**

Link Intime India Private Limited
Unit: Carol Info Services Limited
C-101, 247 Park, Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai - 400 083
Tel.: +91 22 4918 6270
Fax: +91 22 4918 6060
E-mail: carol@linkintime.co.in
Website: www.linkintime.co.in

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# BOARD'S REPORT

Dear Members,

The Board of Directors take pleasure in presenting the Thirty Eighth Annual Report of the Company along with the Audited Financial Statements for the year ended 31st March, 2018.

## FINANCIAL RESULTS AND HIGHLIGHTS

(₹ in Thousand)

| Particulars | **Year ended 31st March, 2018** | Year ended 31st March, 2017 |
|---|---|---|
| **Consolidated** | | |
| Revenue from Operations | **670,101** | 655,321 |
| Other Income | **553,703** | 562,591 |
| Total Revenue | **1,223,804** | 1,217,912 |
| Total Expenses | **613,701** | 347,632 |
| Profit Before Tax | **610,103** | 870,280 |
| Provision for Taxation (Expense)/Credit | **(81,091)** | (195,513) |
| Profit After Tax before Other Comprehensive Income | **529,012** | 674,767 |
| Other Comprehensive Income | **312,915** | – |
| Total Comprehensive Income | **841,927** | 674,767 |
| **Standalone** | | |
| Revenue from Operations | **670,101** | 655,321 |
| Other Income | **873,843** | 842,322 |
| Total Revenue | **1,543,944** | 1,497,643 |
| Total Expenses | **605,506** | 343,289 |
| Profit Before Tax | **938,438** | 1,154,354 |
| Provision for Taxation (Expense)/Credit | **(267,270)** | (355,601) |
| Profit After Tax before Other Comprehensive Income | **671,168** | 798,753 |
| Other Comprehensive Income | **312,915** | – |
| Total Comprehensive Income | **984,083** | 798,753 |

## STATE OF COMPANY'S AFFAIRS

During the financial year ended 31st March, 2018, in consolidated financial results, the Company registered Total Revenue of ₹ 1,223,804 thousand, thereby showing an increase by 0.48% as compared to the previous year. The Total Comprehensive Income grew from ₹ 674,767 thousand to ₹ 841,927 thousand, thereby registering a growth of 24.77%.

During the financial year ended 31st March, 2018, in standalone financial results, the Company registered Total Revenue of ₹ 1,543,944 thousand, thereby showing an increase by 3.09% as compared to the previous year. The Total Comprehensive Income grew from ₹ 798,753 thousand to ₹ 984,083 thousand, thereby registering a growth of 23.20%.

## DIVIDEND AND RESERVES

In order to conserve the resources, the Board has not recommended dividend on the equity shares of the Company for the financial year ended 31st March, 2018.

No amount is proposed to be transferred to the General Reserves of the Company out of the profits for the year.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Neeraj Jain (DIN: 08118877) was appointed as an Additional Director (Non-Executive Non-Independent) with effect from 25th April, 2018. The resolution for his appointment as Non-Executive Director, liable to retire by rotation, is placed for the approval of members of the Company at the ensuing Annual General Meeting ('AGM'). In accordance with the provisions of Section 178 and other applicable provisions of the Companies Act, 2013 ('Act'), if any, the Nomination and Remuneration Committee has considered and recommended the above appointment to the Board of Directors of the Company. A brief resume and other details of Mr. Neeraj Jain seeking appointment are provided in the Notice of AGM.

Mr. Shahnawaz Khan (DIN: 03053420) resigned from the Board of Directors with effect from 30th April, 2018 due to other pre-occupations. The Directors placed on record their appreciation of his contribution as a member of the Board.

Pursuant to the provisions of Section 152 of the Act, Mr. Stephen D'Souza, Director (DIN: 00045812) retires by rotation as Director at the ensuing AGM and being eligible, offers himself for re-appointment. The Board recommends his re-appointment. A brief resume and other details of Mr. Stephen D'Souza seeking re-appointment are provided in the Notice of AGM.

In accordance with the provisions of Sections 2(51) and 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Dr. G. B. Parulkar, Chairman and Managing Director, Mr. Ravi Shekhar Mitra, Chief Financial Officer and Mr. Nikhil Malpani, Company Secretary are the Key Managerial Personnel ('KMP') of your Company.

## DECLARATION BY INDEPENDENT DIRECTORS

All the Independent Directors have furnished Declaration of Independence stating that they meet the criteria of independence as provided under Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as Independent Directors during the year.

## NUMBER AND DATES OF MEETINGS OF BOARD & BOARD COMMITTEES

The number and dates of meetings of the Board of Directors & Board Committees held during the financial year 2017-18 are as follows:

| Type of Meeting | Number of Meetings | Dates of Meeting |
|---|---|---|
| Board | 6 | 25th May, 2017, 21st August, 2017, 15th September, 2017, 27th October, 2017, 8th December, 2017 and 26th March, 2018 |
| Audit Committee | 2 | 25th May, 2017 and 21st August, 2017 |
| Stakeholders Relationship Committee | 4 | 5th April, 2017, 5th July, 2017, 5th October, 2017 and 5th January, 2018 |
| Nomination and Remuneration Committee | 1 | 25th May, 2017 |
| Corporate Social Responsibility Committee | 1 | 31st March, 2018 |

The above Board and Board Committee Meetings were attended by all the Directors and members concerned respectively except Mr. Shahnawaz Khan who could not attend the board meeting held on 26th March, 2018 and to whom leave of absence was granted.

Pursuant to Schedule IV to the Act, all Independent Directors met on 27th October, 2017 without the attendance of Non-Independent Directors and members of management.

## AUDIT COMMITTEE

The Audit Committee comprises of Mr. Akhtar Shamsi, Chairman, Mr. Neeraj Jain and Ms. Vijaya Nair as its members. Majority of members of the Committee are Independent Directors and recommendations made by the Audit Committee were accepted by the Board of Directors of the Company. Further, the Committee has carried out the role assigned to it.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(3)(c) of the Act, the Directors state that:

(a) in the preparation of Annual Accounts for the year ended 31st March, 2018, the applicable Accounting Standards have been followed and that no material departures have been made from the same;

(b) such Accounting Policies as mentioned in the Notes to the Financial Statements for the year ended 31st March, 2018 have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended 31st March, 2018;

(c) proper and sufficient care has been taken for the 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 fraud and other irregularities;

(d) the Annual Accounts for the year ended 31st March, 2018 have been prepared on a going concern basis;

(e) the internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and operating effectively; and

(f) proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems are adequate and operating effectively.

## STATUTORY AUDITORS AND AUDITORS' REPORT

At the AGM of the Company held on 30th September, 2014, M/s. M. P. Chitale & Co. (ICAI Firm Registration No. 101851W), Statutory Auditors of the Company, were appointed for a term of five years i.e. till the conclusion of 39th AGM, subject to ratification by members at every AGM. However, the Ministry of Corporate Affairs, New Delhi vide its notification dated 7th May, 2018 has done away with the requirement under first proviso to Section 139 of the Act and Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, regarding ratification of appointment of Statutory Auditors by members at every subsequent AGM. Consequently, M/s. M. P. Chitale & Co., Statutory Auditors, continues to be the Statutory Auditors of the Company till the conclusion of 39th AGM, as approved by the members at 34th AGM held on 30th September, 2014. The Statutory Auditors have confirmed that they are not disqualified from continuing as Auditors of the Company.

The report of the Statutory Auditors on Standalone and Consolidated Financial Statements forms part of this Annual Report. The Auditors' Report does not contain any qualification, reservation, adverse remark, disclaimer or emphasis of matter.

## EXTRACT OF ANNUAL RETURN

As required under Sections 92(3) and 134(3)(a) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT – 9 is annexed as **Annexure I** to this Report. Further, pursuant to the provisions of the Companies (Amendment) Act, 2017, the extract of the Annual Return is also available on the website of the Company at http://www.carolinfoservices.com/ExtractofAnnualReturn2017-2018.pdf

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Pursuant to provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the CSR Committee, the Board has approved CSR Policy and the same is available on the website of the Company at http://www.carolinfoservices.com/carol%20CSR%20policy_new.pdf

The Company has identified focus areas for CSR engagement which *inter alia* includes eradicating hunger, poverty and malnutrition; promoting education; empowering women; ensuring environment sustainability; promotion of rural sports; and slum area development etc.

The Company's CSR Committee complies with the requirements of the Act. CSR Policy contains the CSR activities which can be carried out by the Company.

The Annual Report on CSR activities as required under Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, is annexed as **Annexure II** to this Report.

## POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS

The Company has been following well laid down policy on appointment and remuneration of Directors, Senior Management and KMP.

The salient features of the Remuneration Policy on appointment and remuneration of Directors and KMP is provided below:

- The appointment of Directors/KMP shall be made pursuant to the recommendation of Nomination and Remuneration Committee ('NRC').
- The remuneration of Whole-time Director/Managing Director shall comprise of Basic Salary, Perquisites and Allowances as may be decided by the NRC/Board subject to overall ceiling as specified under the Act, Rules and Schedules made thereunder. Further, approval of shareholders shall be sought for the appointment and payment of remuneration to the Whole-time Director/Managing Director.

- The remuneration to Non-Executive Directors comprises of sitting fees and commission, if any. During the year under review, the Company has not paid any commission to the Non-Executive Directors. Apart from above, Non-Executive Directors shall also be entitled to reimbursement of expenses incurred by them in connection with attending the board meetings, committee meetings, general meetings and in relation to the business of the Company towards hotel accommodation, travelling and other out-of-pocket expenses.
- The remuneration of KMP shall be such as decided by the NRC / Board from time to time.

The Remuneration Policy is available on the website of the Company http://www.carolinfoservices.com/RemunerationPolicy.pdf

NRC have also formulated criteria for determining qualifications, positive attributes and independence of a Director and the same have been annexed as part of **Annexure III** to this Report.

## PERFORMANCE EVALUATION OF DIRECTORS

The Nomination and Remuneration Committee of the Board of Directors of the Company have laid down criteria of performance evaluation of the Board of Directors including Independent Directors. Pursuant to the requirement of the Act, the Board has carried out the annual performance evaluation for the financial year 2017-18 for entire Board, Committees and all the individual Directors including Independent Directors based on the parameters subject to the condition that the Director who is subject to evaluation should not participate. The parameters of performance evaluation were circulated to the Directors in the form of structured questionnaires.

The criteria for performance evaluation was based on parameters which *inter alia* included decision taken in the interest of the organization objectively, assisting the Company in implementing the Corporate Governance, monitoring performance of organization based on agreed goals & financial performance and active participation in the affairs of the Company as Board/Committee members.

## INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

The Company has adequate internal financial control procedures commensurate with its size and nature of business. These controls include well defined policies, guidelines, Standard Operating Procedures ('SOPs'), authorization & approval procedures and technology intensive processes. The internal financial controls of the Company are adequate to ensure the accuracy and completeness of the accounting records, timely preparation of reliable financial information, prevention and detection of frauds and errors, safeguarding of the assets and that the business is conducted in an orderly and efficient manner.

During the year under review, there were no instances of fraud reported by the Auditors under Section 143(12) of the Act to the Audit Committee or the Board of Directors.

## RISK MANAGEMENT

The Company has defined and adopted a Risk Management Policy, which not only assesses the risks but also helps in timely ratification and minimization of these risks associated with strategic, operational, financial and compliance operations across all business operations. These control procedures and systems ensure that the Board is periodically informed on the material risks faced by the Company and the steps taken by the Company to alleviate those risks. At present, in the opinion of the Board of Directors, there are no risks which may threaten the existence of your Company.

## PARTICULARS OF LOANS, INVESTMENTS AND GUARANTEES UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided under Note No. 32 to the Standalone Financial Statement.

## PARTICULARS OF CONTRACTS/ARRANGEMENT WITH RELATED PARTIES

All contracts, arrangements and transactions entered by the Company with related parties during financial year 2017-18 were in the ordinary course of business & on an arm's length basis and the same were reviewed and approved by the Audit Committee. No transaction with any related party was in conflict with the interest of the Company. The Company did not enter into any related party transaction with its KMP.

During the year under review, the Company did not enter into any contract, arrangement or transaction with related parties that could be considered material under the provisions of the Act. However, a transaction that may be considered material is disclosed in Form AOC-2 which is provided in **Annexure IV** to this Report.

## MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN END OF FINANCIAL YEAR AND DATE OF REPORT

There are no material changes and commitments which have occurred after the end of the financial year till the date of this Report which may affect the financial position of the Company.

## WHISTLE BLOWER/VIGIL MECHANISM

Pursuant to requirement laid down under Section 177 of the Act, the Company has well laid down Vigil Mechanism. The Whistle Blower Policy/Vigil Mechanism has been formulated for Directors and the Employees to communicate and report genuine concerns about unethical behavior or practices, actual or suspected fraud. The said Policy provides adequate safeguard against victimization of Directors/Employees who avail such mechanism and it also provides direct access to the Chairman of the Audit Committee in exceptional cases. Further, it is affirmed that no person has been denied access to the Audit Committee. The Whistle Blower Policy has been placed on the website of the Company www.carolinfoservices.com

## PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the requirement of Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, no employee of the Company is drawing remuneration in excess of the limits set out in the said Rules. However, pursuant to Rules 5(2)&(3) of the said Rules, the names and relevant information with respect to top 10 employees in terms of remuneration drawn forms part of this Report. Pursuant to the provisions of Section 136(1) of the Act, the Board's Report is being sent to the shareholders of the Company excluding the said information. Any shareholder interested in inspection or obtaining a copy of the statement may write to the Company Secretary and the same will be furnished on request.

The shareholders may please note that the Company does not have employees posted and working in a country outside India.

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

A. CONSERVATION OF ENERGY

The Company is not engaged in manufacturing activity and thus its operations are not energy intensive. During the year, the Company is primarily engaged in renting its immovable property which does not result in consumption of power and energy. Hence, energy conservation measures are not relevant to the Company.

B. TECHNOLOGY ABSORPTION

During the year, the Company's main line of business is renting of its immovable property. There is no usage of any particular technology or process. Hence, the question of technology absorption and importation of any technology does not arise. Further, the expenditure on Research and Development is NIL.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no foreign exchange earnings and outgo during the financial year 2017-18.

## SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANY

Banneret Trading Private Limited is a wholly owned subsidiary of the Company. However, during the year under review, the Company did not have any joint venture or associate company.

There were no companies who ceased to be subsidiaries of the Company during the financial year under review.

Pursuant to Section 129(3) of the Act, a statement containing salient features of the subsidiary of the Company is disclosed in Form AOC-1 which is provided in **Annexure V** to this Report.

## CONSOLIDATED FINANCIAL STATEMENT

The Consolidated Financial Statement of your Company for the financial year 2017-18 are prepared in compliance with applicable provisions of the Act read with the Rules issued thereunder and applicable Accounting Standards.

A copy of the Audited Financial Statement of the subsidiary shall be made available for inspection at the Registered Office of the Company during business hours. The Audited Financial Statement of the Company including Consolidated Financial Statement and Financial Statement of its subsidiary are also available on the Company's website www.carolinfoservices.com. Further, any shareholder interested in obtaining a copy of the separate Financial Statement of the subsidiary shall make specific request in writing to the Company Secretary and the same shall be furnished on request.

## DEPOSITS

During financial year 2017-18, the Company did not accept any deposit within the meaning of Sections 73 and 74 of the Act read together with the Companies (Acceptance of Deposits) Rules, 2014.

## SIGNIFICANT AND MATERIAL ORDERS

During the year under review, no significant and material orders were passed by the Regulators or Courts or Tribunals which could impact the going concern status of the Company and its future operations.

## GENERAL

1. During the year under review, share capital of the Company remains unchanged. Further, there was no issue of equity shares with differential voting rights as to divided, voting or otherwise and issue of sweat equity shares.
2. During the year under review, the provisions relating to requirement of Cost Audit and Secretarial Audit were not applicable to the Company.
3. Your Directors further state that during the year under review, there were no cases filed pursuant to The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. However, pursuant to the Companies (Accounts) Amendment Rules, 2018, the Company has complied with all the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women of Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## ACKNOWLEDGEMENTS

The Directors also take this opportunity to place on record their appreciation to all the stakeholders of the Company for the support received from them during the year under review.

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

**Dr. G. B. Parulkar**
*Chairman & Managing Director*
DIN: 00015668

Place : Mumbai
Date : August 21, 2018

## ANNEXURE I TO THE BOARD'S REPORT

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31st 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

| | | |
|---|---|---|
| (i) | **CIN** | U74999MH1979PLC021942 |
| (ii) | **Registration Date** | 29th November, 1979 |
| (iii) | **Name of the Company** | Carol Info Services Limited |
| (iv) | **Category/Sub-Category of the Company** | Public Company limited by shares |
| (v) | **Address of the Registered office and Contact details** | Wockhardt Towers,<br>Bandra Kurla Complex,<br>Bandra (East), Mumbai 400 051<br>Tel No. : +91 22 2653 4444<br>Fax No. : +91 22 2652 3905 |
| (vi) | **Whether listed company (Yes/No)** | No |
| (vii) | **Name, Address and Contact details of Registrar and Transfer Agent, if any** | Link Intime India Private Limited<br>C-101, 247 Park,<br>Lal Bahadur Shastri Marg, Vikhroli (West),<br>Mumbai – 400 083<br>Tel No. : +91 22 4918 6270<br>Fax No. : +91 22 4918 6060<br>Email id : carol@linkintime.co.in |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

| Sl. No. | Name and Description of main products/services | NIC Code of the Product/service | % to total turnover of the Company |
|---|---|---|---|
| 1. | Renting of immovable property | 681 | 100% |

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

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section of Companies Act, 2013 |
|---|---|---|---|---|---|
| 1. | Khorakiwala Holdings and Investments Private Limited<br>Wockhardt Towers,<br>Bandra - Kurla Complex,<br>Bandra (East),<br>Mumbai – 400 051 | U67120MH1981PTC023803 | Holding | 92.20% | 2(46) |
| 2. | Banneret Trading Private Limited<br>6th Floor, Wockhardt Towers,<br>Bandra - Kurla Complex,<br>Bandra (East), Mumbai – 400 051 | U51900MH2008PTC181284 | 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 (as on 1st April, 2017) | | | | No. of Shares held at the end of the year (as on 31st March, 2018) | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. PROMOTERS** | | | | | | | | | |
| **(1) Indian** | | | | | | | | | |
| (a) Individual/HUF | 282,580 | 0 | 282,580 | 0.80 | 282,580 | 0 | 282,580 | 0.80 | 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 Corporates | 33,748,168 | 8,880 | 33,757,048 | 95.26 | 33,753,168 | 9,680 | 33,762,848 | 95.28 | 0.02 |
| (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)** | **34,030,748** | **8,880** | **34,039,628** | **96.06** | **34,035,748** | **9,680** | **34,045,428** | **96.08** | **0.02** |
| **(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... | 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)** | **34,030,748** | **8,880** | **34,039,628** | **96.06** | **34,035,748** | **9,680** | **34,045,428** | **96.08** | **0.02** |
| **B. PUBLIC SHAREHOLDING** | | | | | | | | | |
| **(1) Institutions** | | | | | | | | | |
| (a) Mutual Funds | 0 | 300 | 300 | 0.00 | 0 | 200 | 200 | 0.00 | 0.00 |
| (b) Banks/FI | 5,400 | 300 | 5,700 | 0.02 | 5,400 | 200 | 5,600 | 0.01 | (0.01) |
| (c) Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (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 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (g) FIIs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (i) Others (specify) | | | | | | | | | |
| Foreign Portfolio Investor | 0 | 700 | 700 | 0.00 | 0 | 300 | 300 | 0.00 | 0.00 |
| Alternative Investment Fund | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| **Sub-total (B)(1)** | **5,400** | **1,300** | **6,700** | **0.02** | **5,400** | **700** | **6,100** | **0.01** | **(0.01)** |
| **(2) Non-Institutions** | | | | | | | | | |
| (a) Bodies Corporate | | | | | | | | | |
| (i) Indian | 60,372 | 14,581 | 74,953 | 0.21 | 57,420 | 18,380 | 75,800 | 0.21 | 0.00 |
| (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 | 702,981 | 534,774 | 1,237,755 | 3.49 | 682,655 | 386,264 | 1,068,919 | 3.01 | (0.48) |
| (ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |

| Category of Shareholders | No. of Shares held at the beginning of the year (as on 1st April, 2017) | | | | No. of Shares held at the end of the year (as on 31st March, 2018) | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (c) Others (specify) | | | | | | | | | |
| (i) Non-Resident Indian (Repat) | 7,376 | 2,600 | 9,976 | 0.03 | 7,375 | 2,000 | 9,375 | 0.03 | 0.00 |
| (ii) Non-Resident Indian (Non-Repat) | 6,224 | 0 | 6,224 | 0.02 | 6,124 | 0 | 6,124 | 0.02 | 0.00 |
| (iii) Foreign Nationals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (iv) Clearing Members | 7,810 | 0 | 7,810 | 0.02 | 7,355 | 0 | 7,355 | 0.02 | 0.00 |
| (v) Directors/Relatives of Directors | 225 | 300 | 525 | 0.00 | 225 | 300 | 525 | 0.00 | 0.00 |
| (vi) Trusts | 50 | 0 | 50 | 0.00 | 50 | 0 | 50 | 0.00 | 0.00 |
| (vii) Hindu Undivided Family | 47,851 | 0 | 47,851 | 0.14 | 48,101 | 0 | 48,101 | 0.14 | 0.00 |
| (viii) Investor Education and Protection Fund Authority Ministry of Corporate Affairs[1] | 0 | 0 | 0 | 0.00 | 168,695 | 0 | 168,695 | 0.48 | 0.48 |
| **Sub-total (B)(2)** | **832,889** | **552,255** | **1,385,144** | **3.91** | **978,000** | **406,944** | **1,384,944** | **3.91** | **0.00** |
| **Total Public Shareholding (B)=(B)(1)+(B)(2)** | **838,289** | **553,555** | **1,391,844** | **3.93** | **983,400** | **407,644** | **1,391,044** | **3.92** | **(0.01)** |
| **C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS[2]** | **0** | **5,000** | **5,000** | **0.01** | **0** | **0** | **0** | **0.00** | **(0.01)** |
| **Grand Total (A+B+C)** | **34,869,037** | **567,435** | **35,436,472** | **100.00** | **35,019,148** | **417,324** | **35,436,472** | **100.00** | **0.00** |

[1] The voting rights on these shares shall remain frozen till the rightful owner claims the shares [Refer to Section 124 of the Companies Act, 2013].

[2] As on 31st March, 2018, there are no outstanding Global Depository Receipts ('GDRs'). They are re-classified in the category 'Bodies Corporate' as they are no longer represented by GDR holders.

### (ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year (as on 1st April, 2017) | | | Shareholding at the end of the year (as on 31st March, 2018) | | | % 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. | Khorakiwala Holdings and Investments Private Limited | 32,665,270 | 92.18 | Nil | 32,671,070 | 92.20 | Nil | 0.02 |
| 2. | Palanpur Holdings and Investments Private Limited | 1,051,120 | 2.97 | Nil | 1,051,120 | 2.97 | Nil | 0.00 |
| 3. | Dartmour Holdings Private Limited | 40,658 | 0.11 | Nil | 40,658 | 0.11 | Nil | 0.00 |
| 4. | Dr. H. F. Khorakiwala | 134,300 | 0.38 | Nil | 134,300 | 0.38 | Nil | 0.00 |
| 5. | Dr. Murtaza Khorakiwala | 75,400 | 0.21 | Nil | 75,400 | 0.21 | Nil | 0.00 |
| 6. | Dr. Huzaifa Khorakiwala | 72,000 | 0.21 | Nil | 72,000 | 0.21 | Nil | 0.00 |
| 7. | Ms. Nafisa Khorakiwala | 880 | 0.00 | Nil | 880 | 0.00 | Nil | 0.00 |
| | **Total** | **34,039,628** | **96.06** | **Nil** | **34,045,428** | **96.08** | **Nil** | **0.02** |

**(iii) Change in Promoters' Shareholding**

| Sl. No. | Shareholders Name | Shareholding at the of the beginning year (as on 1st April, 2017) | | Cumulative shareholding during the year | | Shareholding at the end of the year (as on 31st March, 2018) | |
|---|---|---|---|---|---|---|---|
| | | No. of shares | % of the total shares of the Company | No. of shares | % of the total shares of the Company | No. of shares | % of the total shares of the Company |
| 1. | **Khorakiwala Holdings and Investments Private Limited** | **32,665,270** | **92.18** | | | | |
| | Date-wise Increase/(Decrease) | | | | | | |
| | 21/04/2017 | 20 | 0.00 | 32,665,290 | 92.18 | | |
| | 05/05/2017 | 200 | 0.00 | 32,665,490 | 92.18 | | |
| | 12/05/2017 | 250 | 0.00 | 32,665,740 | 92.18 | | |
| | 19/05/2017 | 250 | 0.00 | 32,665,990 | 92.18 | | |
| | 26/05/2017 | 50 | 0.00 | 32,666,040 | 92.18 | | |
| | 14/07/2017 | 10 | 0.00 | 32,666,050 | 92.18 | | |
| | 11/08/2017 | 200 | 0.00 | 32,666,250 | 92.18 | | |
| | 06/10/2017 | 1,000 | 0.00 | 32,667,250 | 92.19 | | |
| | 13/10/2017 | 570 | 0.00 | 32,667,820 | 92.19 | | |
| | 20/10/2017 | 200 | 0.00 | 32,668,020 | 92.19 | | |
| | 27/10/2017 | 2,150 | 0.01 | 32,670,170 | 92.19 | | |
| | 03/11/2017 | 100 | 0.00 | 32,670,270 | 92.19 | | |
| | 08/12/2017 | 800 | 0.00 | 32,671,070 | 92.20 | **32,671,070** | **92.20** |

**Note:**

Post delisting, Khorakiwala Holdings and Investments Private Limited have been voluntarily acquiring equity shares from public as and when tendered by them.

**(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year (as on 1st April, 2017) | | Cumulative Shareholding during the year | | Shareholding at the end of the year (as on 31st March, 2018) | |
|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company | No. of shares | % of total share of the Company |
| 1. | **Ajinkya Electromelt Pvt. Ltd.** | 29,700 | 0.08 | | | | |
| | Date wise Increase/(Decrease) | 0 | 0.00 | 29,700 | 0.08 | 29,700 | 0.08 |
| 2. | **A C Avudayappan** | 25,560 | 0.07 | | | | |
| | Date wise Increase/(Decrease) | 0 | 0.00 | 25,560 | 0.07 | 25,560 | 0.07 |
| 3. | **Luxmi Kant Gupta** | 7,180 | 0.02 | | | | |
| | Date wise Increase/(Decrease) | 0 | 0.00 | 7,180 | 0.02 | 7,180 | 0.02 |
| 4. | **Zaahid Holding & Investment Pvt. Ltd.** | 7,100 | 0.02 | | | | |
| | Date wise Increase/(Decrease) | 0 | 0.00 | 7,100 | 0.02 | 7,100 | 0.02 |
| 5. | **Sheela Ashwin Chiniwalla** | 7,000 | 0.02 | | | | |
| | Date wise Increase/(Decrease) | 0 | 0.00 | 7,000 | 0.02 | 7,000 | 0.02 |
| 6. | **Ashwini Poddar** | 6,300 | 0.02 | | | | |
| | Date wise Increase/(Decrease) | 0 | 0.00 | 6,300 | 0.02 | 6,300 | 0.02 |
| 7. | **Century Consultants Ltd.** | 5,950 | 0.02 | | | | |
| | Date wise Increase/(Decrease) | 0 | 0.00 | 5,950 | 0.02 | 5,950 | 0.02 |

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year (as on 1st April, 2017) | | Cumulative Shareholding during the year | | Shareholding at the end of the year (as on 31st March, 2018) | |
|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company | No. of shares | % of total share of the Company |
| 8. | **Bankers Trust Company – NY, As Depositary*** | 5,000 | 0.01 | | | | |
| | Date wise Increase/(Decrease) | 0 | 0.00 | 5,000 | 0.01 | 5,000 | 0.01 |
| 9. | **Ashok Kumar Chopra** | 5,000 | 0.01 | | | | |
| | Date wise Increase/(Decrease) | 0 | 0.00 | 5,000 | 0.01 | 5,000 | 0.01 |
| 10. | **Sandeep Tandon** | 4,930 | 0.01 | | | | |
| | Date wise Increase/(Decrease) | 0 | 0.00 | 4,930 | 0.01 | 4,930 | 0.01 |
| 11. | **Shriniwas Bansilal Bangad#** | 4,213 | 0.01 | | | | |
| | Date wise Increase/(Decrease) | 0 | 0.00 | 4,213 | 0.01 | 4,213 | 0.01 |

* Represents shareholder not in the list of Top 10 shareholders as on 1st April, 2017. However, the same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31st March, 2018.

\# Represents shareholder that ceased to be in the list of Top 10 shareholders as on 31st March, 2018. However, the same is reflected above since the shareholder was one of the Top 10 shareholders as on 1st April, 2017.

**(iv) Shareholding of Directors and Key Managerial Personnel**

| Sl. No. | For Each of the Directors and KMP | Shareholding at the beginning of the year (as on 1st April, 2017) | | Cumulative Shareholding during the year | | Shareholding at the end of the year (as on 31st March, 2018) | |
|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1. | Dr. G. B. Parulkar | 100 | 0.00 | 100 | 0.00 | 100 | 0.00 |
| 2. | Mr. Shahnawaz Khan@ | – | – | – | – | – | – |
| 3. | Mr. Stephen D'Souza& | 250 | 0.00 | 250 | 0.00 | 250 | 0.00 |
| 4. | Mr. Akhtar Shamsi | – | – | – | – | – | – |
| 5. | Ms. Vijaya Nair | 175 | 0.00 | 175 | 0.00 | 175 | 0.00 |
| 6. | Mr. Ravi Shekhar Mitra | 2 | 0.00 | 2 | 0.00 | 2 | 0.00 |
| 7. | Mr. Nikhil Malpani | 1 | 0.00 | 1 | 0.00 | 1 | 0.00 |

@ Resigned from directorship with effect from 30th April, 2018.

& The shares are held as a joint holder along with his relatives.

## V. INDEBTEDNESS

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

(Amount in ₹ thousand)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| Indebtedness at the beginning of the financial year (i.e. 1st April, 2017) | | | | |
| i) Principal Amount | 1,988,150 | 51,667 | – | 2,039,817 |
| ii) Interest due but not paid | – | – | – | – |
| iii) Interest accrued but not due | – | – | – | – |
| **Total (i+ii+iii)** | **1,988,150** | **51,667** | **–** | **2,039,817** |
| Change in Indebtedness during the financial year 2017-18 | | | | |
| i) Addition on account* | 3,012,322 | 3,023 | – | 3,015,345 |
| ii) Reduction | 2,040,586 | – | – | 2,040,586 |
| **Net Change** | **971,736** | **3,023** | **–** | **974,759** |

(Amount in ₹ thousand)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| Indebtedness at the end of the financial year (i.e. 31st March, 2018) | | | | |
| i) Principal Amount | 2,959,886 | 54,690 | – | 3,014,576 |
| ii) Interest due but not paid | – | – | – | – |
| iii) Interest accrued but not due | – | – | – | – |
| **Total (i+ii+iii)** | **2,959,886** | **54,690** | **–** | **3,014,576** |

* Includes Ind-AS impact

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹ thousand)

| Sl. No. | Particulars of Remuneration | Name of MD/ WTD/Manager | Total Amount |
|---|---|---|---|
| | | Dr. G. B. Parulkar, Chairman & Managing Director | |
| 1. | Gross salary | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 300 | 300 |
| | (b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 | – | – |
| | (c) Profits in lieu of salary under u/s 17(3) Income-tax Act, 1961 | – | – |
| 2. | Stock Option | – | – |
| 3. | Sweat Equity | – | – |
| 4. | Commission<br>– as % of profit<br>– others, specify… | – | – |
| 5. | Others, please specify<br>Out-of-pocket expenses | – | – |
| **Total (A)** | | **300** | **300** |
| Ceiling as per the Act (being 5% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013) | | | 50,351 |

### B. Remuneration to other Directors:

(Amount in ₹ thousand)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|---|---|---|---|---|---|---|
| | | Mr. Akhtar Shamsi | Mr. Shahnawaz Khan@ | Mr. Stephen D'Souza | Ms. Vijaya Nair | |
| 1. | Independent Directors | | | | | |
| | • Fee for attending board/ committee meetings | 8 | – | – | 8 | 16 |
| | • Commission | – | – | – | – | – |
| | • Others, please specify | – | – | – | – | – |
| | **Total (1)** | **8** | **–** | **–** | **8** | **16** |
| 2. | Other Non-Executive Directors | | | | | |
| | • Fee for attending board/ committee meetings | – | 9 | 8 | – | 17 |
| | • Commission | – | – | – | – | – |
| | • Others, please specify | – | – | – | – | – |
| | **Total (2)** | **–** | **9** | **8** | **–** | **17** |
| | **Total (B)=(1+2)** | **8** | **9** | **8** | **8** | ***33** |
| Ceiling as per the Act (being 1% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013) | | | | | | 10,070 |
| **Total Managerial Remuneration (A+B)** | | | | | | ***333** |
| Overall Ceiling as per the Act (being 11% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013) | | | | | | 110,773 |

@ Resigned from directorship with effect from 30th April, 2018.

* Pursuant to Section 197(2) of the Companies Act, 2013, ₹ 33,000 paid as fees for attending board/committee meetings is termed exclusive from the ceiling of 1% and 11% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013.

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

(Amount in ₹ thousand)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---|---|---|---|---|---|
| | | CEO | Company Secretary | Chief Financial Officer | Total |
| 1. | Gross salary | N.A. | | | |
| | (a) Salary as per provisions contained in Section 17(1) of Income-tax Act, 1961 | | 10 | 10 | 20 |
| | (b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 | | – | – | – |
| | (c) Profits in lieu of salary under Section 17(3) of Income-tax Act, 1961 | | – | – | – |
| 2. | Stock Option | | – | – | – |
| 3. | Sweat Equity | | – | – | – |
| 4. | Commission<br>– as % of profit<br>– others, specify… | | – | – | – |
| 5. | Others, please specify | | – | – | – |
| | **Total** | | **10** | **10** | **20** |

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

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD/NCLT/COURT] | Appeal made, if any (give Details) |
|---|---|---|---|---|---|
| **A. COMPANY** | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| **B. DIRECTORS** | | | | | |
| Penalty | | | | | |
| Punishment | | | **NIL** | | |
| Compounding | | | | | |
| **C. OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

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

**Dr. G. B. Parulkar**
*Chairman & Managing Director*
DIN: 00015668

## ANNEXURE II TO THE BOARD'S REPORT

### REPORT ON CSR ACTIVITIES / INITIATIVES

[Pursuant to Section 135 of the Companies Act, 2013 and Rules made thereunder]

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and reference to the web-link to the CSR Policy and projects or programs**

   Pursuant to the requirement of the Companies Act, 2013 ('Act') and the Rules made thereunder, the Company has framed a CSR Policy and the same is placed on the Company's website and a weblink thereto is: http://www.carolinfoservices.com/carol%20CSR%20policy_new.pdf

   The Company's CSR vision & mission is to contribute to the social, economic and environmental development of the community in which the Company operates. The Company may undertake any one or more CSR activities as specified in the CSR Policy.

2. **The Composition of the CSR Committee:** As on the date of this report, the CSR Committee comprises of:

   Dr. G. B. Parulkar – Chairman (Executive)

   Mr. Neeraj Jain $ – Member (Non-Executive Non-Independent)

   Mr. Akhtar Shamsi – Member (Non-Executive Independent)

   Ms. Vijaya Nair – Member (Non-Executive Independent)

3. **Average Net Profit of the Company for last 3 financial years:** Average Net Profit of the Company for the last three financial years as per Section 198 of the Companies Act, 2013 was ₹ 478,072 thousand #

4. **Prescribed CSR expenditure (2% of the amount as in item 3 above):** ₹ 9,561 thousand

5. **Details of CSR spent during the year:**

   a) **Total amount to be spent for the financial year:** ₹ 9,561 thousand

   b) **Amount un-spent, if any:** ₹ 9,561 thousand

   c) **Manner in which the amount spent during the financial year is detailed below:** N.A.

6. **In case the company has failed to spend the 2% of the Average Net Profit of the last 3 financial years or any part thereof, reasons for not spending the amount in its Board's Report:**

   In terms of the provisions of Section 135 of the Companies Act, 2013 and the Rules made thereunder, the Company was required to constitute CSR Committee with at least one Independent Director which is in place.

   In view of the requirement of the funds for operational purposes and identification of specific areas for carrying out CSR activities, the amount required to be spent on CSR activities during financial year 2017-18 remained unspent as on 31st March 2018. However, the Company stands committed to spend the requisite amount on CSR activities in forthcoming years.

7. **Responsibility Statement**

   The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with CSR objectives and Policy of the Company.

$ Appointed as Director and Member of the Committee with effect from 25th April, 2018. Mr. Shahnawaz Khan resigned from directorship (consequently from the membership of Board Committees) with effect from 30th April, 2018.

# Average Net Profit of the Company for the last 3 financial years as per Section 198 of the Companies Act, 2013 is calculated considering 'previous GAAP' for the year ended 31st March 2015 & 2016 and 'Ind-AS' for the year ended 31st March, 2017 (as defined in Notes to Financial Statements)

**Neeraj Jain**
*Director*
DIN: 08118877

**Dr. G. B. Parulkar**
*Chairman of CSR committee*
DIN: 00015668

Place: Mumbai
Date: August 21, 2018

## ANNEXURE III TO THE BOARD'S REPORT

**Criteria for Determining Qualifications, Positive Attributes and Independence of Director**

**Qualifications:**

a) The Director shall be free from any disqualifications as stipulated under the Companies Act, 2013 and rules made thereunder as amended from time to time;

b) The Director shall possess appropriate expertise, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or such other areas related to the Company's business as determined by Nomination and Remuneration Committee.

**Positive Attributes:**

The Director shall

a) uphold ethical standards of integrity and probity;

b) act objectively and constructively;

c) exercise responsibilities in a bona-fide manner in the interest of the Company;

d) assist the Company in implementing the best corporate governance practices.

**Independence Criteria:**

a) An Independent Director shall meet the criteria of independence as stipulated under the Companies Act, 2013 and rules made thereunder as amended from time to time;

b) An Independent Director shall be under the obligation to inform the Board of Directors of any change in circumstances which may effect his/her independence.

## ANNEXURE IV TO THE BOARD'S REPORT

**Form No. AOC – 2**

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013
and Rule 8(2) of the Companies (Accounts) Rules, 2014)]

Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis:** Nil

2. **Details of material contracts or arrangement or transactions at arm's length basis**

| | | |
|---|---|---|
| (a) | Name(s) of the related party and nature of relationship | Wockhardt Limited ('WL'), Enterprise over which individuals having direct or indirect control over the Company have significant influence (Please refer Note No. (i) below) |
| (b) | Nature of contracts/arrangements/transactions | Leasing of property |
| (c) | Duration of the contracts/arrangements/transactions | Continuous basis |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | During the year 2017-18, there was transaction relating to rent income from WL aggregating to ₹ 699,568 thousand |
| (e) | Date(s) of approval by the Board, if any | Please refer Note No. (ii) below |
| (f) | Amount paid as advances, if any | Nil |

**Notes:**

(i) WL is not a related party of the Company pursuant to Section 2(76) of the Companies Act, 2013. However, it is termed as 'Enterprise over which individuals having direct or indirect control over the Company have significant influence' under Ind AS 24.

(ii) During the year 2017-18, transaction with WL may be considered material pursuant to Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014. However, no board's and shareholders' approval was required as the transaction was at arm's length basis and in the ordinary course of business.

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

**Dr. G. B. Parulkar**
*Chairman & Managing Director*
DIN: 00015668

## ANNEXURE V TO THE BOARD'S REPORT

**Form No. AOC – 1**

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

**Statement containing salient features of financial statement of Subsidiary**

***Part 'A': Subsidiaries***

(Amount in ₹ thousand)

| | |
|---|---|
| Name of Subsidiary | Banneret Trading Private Limited |
| The date since when Subsidiary was acquired | 24th July, 2012 |
| Reporting period for the Subsidiary concerned | Apr-Mar |
| Reporting currency for the Subsidiary concerned | INR |
| Exchange rate as on the last date of relevant financial year in the case of foreign Subsidiary | Not Applicable |
| Share Capital | 100 |
| Reserves and Surplus | (2,920,748) |
| Total Assets | 3,236,865 |
| Total Liabilities ^ | 6,157,513 |
| Investments | 3,236,807 |
| Turnover | Nil |
| Profit/(Loss) before taxation | (328,334) |
| Provision for Taxation (Expense)/Credit | 255,751 |
| Profit/(Loss) after taxation/Total Comprehensive Income | (72,583) |
| Proposed dividend | – |
| % of shareholding | 100 |

^ Includes Preference Shares

**Notes:**

a) The above statement also indicates highlights of performance of its subsidiary and its contribution to an overall performance of the Company during the financial year 2017-18.

b) Apart from the above, there are no subsidiaries, which are yet to commence operations or which are liquidated or sold during the year.

c) The Company does not have any Associate Company (includes a Joint Venture Company) as defined under Section 2(6) of the Companies Act, 2013 and hence Part 'B' of the Statement is not applicable.

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

**Dr. G. B. Parulkar**
*Chairman and Managing Director*
DIN: 00015668

**Neeraj Jain**
*Director*
DIN: 08118877

**Stephen D'Souza**
*Director*
DIN: 00045812

**Nikhil Malpani**
*Company Secretary*

**Ravi Shekhar Mitra**
*Chief Financial Officer*

Place : Mumbai
Date : August 21, 2018

# INDEPENDENT AUDITOR'S REPORT

**To the Members of CAROL INFO SERVICES LIMITED**

## 1. Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS Financial Statements of Carol Info Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS Financial Statements").

## 2. Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS 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") prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

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 judgements 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 Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## 3. Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS Financial Statements based on our audit.

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

We conducted our audit of the standalone Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone 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 standalone Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 standalone Ind AS Financial Statements.

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

## 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 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.

## 5. Report on Other Legal and Regulatory Requirements

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

(ii) As required by sub- section (3) of Section 143 of the Act, we report that :

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

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

(c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows 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 standalone Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015;

(e) On the basis of written representations received from the Directors as on March 31, 2018 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 the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B” to this report;

(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 has disclosed the impact of pending litigations on its financial position in its standalone Ind AS Financial Statements – Refer Note 33 to the standalone Ind AS Financial Statements;

(ii) The Company has made provision, as required under the applicable law or Indian Accounting Standards, for material forseeable losses, if any, on long term contracts including derivative contracts;

(iii) During the year there have been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

**For M P Chitale & Co**
Chartered Accountants
Firm Regn No. 101851W

**Ashutosh Pednekar**
Partner
ICAI M No. 41037

Place : Mumbai
Date : August 21, 2018

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF CAROL INFO SERVICES LIMITED

We report that:

i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of all Property, Plant and Equipment.

(b) The Company has in place a planned program of verifying all the Property, Plant and Equipment once in three years, the Property, Plant and Equipment were last verified by the management in the year 2014-15. In our opinion, such physical verification program, is reasonable having regard to the size of the Company and the nature of its assets. The physical verification of Land and Buildings was done during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the title deeds of immovable properties, are held in the name of the Company, except for the following:

i. Leasehold land (gross block ₹ 154,998 thousands, net block ₹ 147,089 thousands), Building (gross block ₹ 518,075 thousands, net block ₹ 482,275 thousands) Freehold land (gross block ₹ 274 thousands, net block ₹ 274 thousand). These properties are held in the erstwhile name of the Company; and

ii. Building (gross block ₹ 20,743 thousands, net block ₹ 19,095 thousands).

ii) The Company does not hold inventory and hence clauses regarding inventory are not applicable.

iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships and other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the company and hence not commented upon.

iv) According to the records of the Company and information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.

v) According to the information and explanations given to us, the Company has not accepted deposits from the public in terms of provisions of Sections 73 to 76 of the Companies Act, 2013.

vi) The Company does not have any manufacturing activity during the year and hence, according to the information and explanations given to us, maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 are not applicable to the Company.

vii) (a) According to the records of the Company and information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales-Tax, Service tax, Goods and Service Tax, Customs Duty, Excise Duty, value added tax and cess etc. with the appropriate authorities. Further, no undisputed statutory dues were in arrears, as of March 31, 2018 for a period of more than six months from the date they became payable.

(b) As at the year-end according to the records of the Company and information and explanations given to us, there are no disputed dues on account of income tax, sales tax, service tax, goods and service tax, customs duty, excise duty, value added tax, cess, and any other statutory dues which have not been deposited with respective authorities except as under.-

| Name of the statute | Nature of the dues | Amount (₹ In thousands) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---:|---|---|
| Kerala General Sales Tax Act, 1963 | Sales Tax Dues | 410.00 | A.Y. 94-95 | Appellate Tribunal |
| Income Tax Act, 1961 | Income Tax Dues | 0.58 | A.Y. 95-96 | Pending with Assessing officer |
| | | 816.48 | A.Y. 06-07 | Pending with Assessing officer |
| | | 5.74 | A.Y. 09-10 | Pending with Assessing officer |
| | | 3,285.15 | A.Y. 11-12 | Pending with Assessing officer |
| | | 16.18 | A.Y. 12-13 | Pending with Assessing officer |
| | | 76,220.87 | A.Y. 14-15 | Pending with Commissioner of Income-tax (Appeals) |
| | | 1,04,793.7 | A.Y. 15-16 | Pending with Commissioner of Income-tax (Appeals) |
| | TDS Dues | 0.24 | A.Y. 13-14 | Pending with Commissioner of Income-tax (Appeals) |
| | | 3.10 | A.Y. 16-17 | Pending with Assessing officer |
| | | 133.58 | A.Y 18-19 | Pending with Assessing officer |
| Punjab Tax on Entry of Goods into Local Areas Act, 2000 | Entry Tax dues | 6230.58 | 01.04.2011 to 25.07.2012 | Pending with Punjab and Haryana High court. |

viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to banks, as at the balance sheet date and has not issued any debentures.

ix) The term loan taken by the company from a bank has been used for the purpose for which it was obtained. The company has not raised moneys by way of initial public offer/ further public offer (including debt instruments).

x) According to the information and explanations given to us and on the basis of representation of the management which we have relied upon, no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

xi) According to the information and explanations given to us, managerial remuneration has been paid in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.

xii) Since the Company is not the Nidhi company, therefore the provisions of clause are not applicable to the Company.

xiii) According to the information and explanations given to us, the Company is in compliance with section 188 and section 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

xiv) The Company has not made any preferential allotment or private placement of shares/debentures during the year.

xv) As per the books and records maintained by the Company and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him.

xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and therefore registration need not be obtained.

**For M P Chitale & Co**
Chartered Accountants
Firm Regn No. 101851W

**Ashutosh Pednekar**
Partner
ICAI M No. 41037

Place : Mumbai
Date : August 21, 2018

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF CAROL INFO SERVICES LIMITED

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

We have audited the internal financial controls over financial reporting of Carol Info Services Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS Financial Statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the standalone Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the standalone Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 standalone Ind AS Financial Statements.

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of 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 M P Chitale & Co**
Chartered Accountants
Firm Regn No. 101851W

**Ashutosh Pednekar**
Partner
ICAI M No. 41037

Place : Mumbai
Date : August 21, 2018

## BALANCE SHEET AS AT MARCH 31, 2018

(All amounts in Thousand of Indian Rupees unless otherwise stated)

| | Notes | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, Plant and Equipment | 2 | **162,101** | 168,710 |
| Capital work-in-progress | 2 | – | – |
| Investment Property | 3 | **674,960** | 690,430 |
| Financial Assets | | | |
| Investment in subsidiary | 4 | **100** | 100 |
| Other Investments | 4 | **3,984,865** | 3,643,897 |
| Loans | 5 | **5,564,307** | 4,968,181 |
| Others | 6 | **131,900** | 17,787 |
| Deferred tax assets (net) | 24 | **296,860** | 548,060 |
| Non-current tax assets (net) | | **452,567** | 428,814 |
| Other non-current assets | 7 | **5,193** | 5,027 |
| | | **11,272,853** | 10,471,006 |
| **CURRENT ASSETS** | | | |
| Financial Assets | | | |
| Trade receivables | 8 | **268,067** | 238,029 |
| Cash and cash equivalents | 8a | **809,696** | 36,850 |
| Bank balances (other than above) | 8b | **976,426** | 662,674 |
| Others | 9 | **10,317** | 2,255 |
| Other current assets | 10 | **6,853** | 19,789 |
| | | **2,071,359** | 959,597 |
| **TOTAL** | | **13,344,212** | 11,430,603 |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Equity share capital | 11 | **354,365** | 354,365 |
| Other equity | | **9,073,471** | 8,089,388 |
| | | **9,427,836** | 8,443,753 |
| **NON-CURRENT LIABILITIES** | | | |
| Financial Liabilities | | | |
| Borrowings | 12 | **2,820,000** | 1,747,613 |
| Provisions | 13 | **63** | – |
| | | **2,820,063** | 1,747,613 |
| **CURRENT LIABILITIES** | | | |
| Financial Liabilities | | | |
| Trade payables | 14 | **3,439** | 3,035 |
| Other financial liabilities | 15 | **782,414** | 884,896 |
| Other current liabilities | 16 | **11,914** | 1,268 |
| Liabilities for current tax (net) | | **298,543** | 349,954 |
| Provisions | 17 | **3** | 84 |
| | | **1,096,313** | 1,239,237 |
| **TOTAL** | | **13,344,212** | 11,430,603 |

Significant accounting policies 1(C)

The accompanying notes form an integral part of these Financial Statements

As per our attached report of even date

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

**For M. P. Chitale & Co.**
Chartered Accountants

**Dr. G. B. Parulkar**
*Chairman and Managing Director*
DIN: 00015668

**Neeraj Jain**
*Director*
DIN: 08118877

**Stephen D'Souza**
*Director*
DIN: 00045812

**Ashutosh Pednekar**
Partner

**Nikhil Malpani**
*Company Secretary*

**Ravi Shekhar Mitra**
*Chief Financial Officer*

Place : Mumbai
Date : August 21, 2018

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in Thousand of Indian Rupees unless otherwise stated)

| | Notes | **For the year ended March 31, 2018** | For the year ended March 31, 2017 |
|---|---|---|---|
| **REVENUE** | | | |
| Revenue from operations | 18 | **670,101** | 655,321 |
| Other income | 19 | **873,843** | 842,322 |
| **TOTAL** | | **1,543,944** | 1,497,643 |
| **EXPENSES** | | | |
| Employee Benefits Expenses | 20 | **795** | 885 |
| Finance costs | 21 | **256,957** | 264,986 |
| Depreciation and Impairment expense | 2,3 | **22,277** | 23,863 |
| Other Expenses | 22 | **325,477** | 53,555 |
| **TOTAL** | | **605,506** | 343,289 |
| **PROFIT BEFORE TAX** | | **938,438** | 1,154,354 |
| Tax expense: | 24 | | |
| Current tax – MAT payable | | **(111,231)** | (142,568) |
| – Tax balances written off (net) | | **(960)** | – |
| Deferred tax credit/(charge) | | **(155,079)** | (213,033) |
| **PROFIT AFTER TAX BEFORE OTHER COMPREHENSIVE INCOME** | | **671,168** | 798,753 |
| **Other Comprehensive Income** | | | |
| Items that will not be reclassified to profit or loss – (charge)/credit | | | |
| – Re-measurement of net defined benefit (liability)/asset | | **(1)** | – |
| Tax on the above | | **–** | – |
| – Fair value gain/(loss) on equity instruments | | **409,036** | – |
| Tax on the above | | **(96,120)** | – |
| | | **312,915** | – |
| **TOTAL COMPREHENSIVE INCOME** | | **984,083** | 798,753 |
| Earnings per equity share of face value of ₹ 10 each | | | |
| Basic and diluted earnings per share in ₹ | 23 | **18.94** | 22.54 |
| Significant accounting policies | 1(C) | | |

The accompanying notes form an integral part of these Financial Statements

As per our attached report of even date

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

**For M. P. Chitale & Co.**
Chartered Accountants

**Dr. G. B. Parulkar**
*Chairman and Managing Director*
DIN: 00015668

**Neeraj Jain**
*Director*
DIN: 08118877

**Stephen D'Souza**
*Director*
DIN: 00045812

**Ashutosh Pednekar**
Partner

**Nikhil Malpani**
*Company Secretary*

**Ravi Shekhar Mitra**
*Chief Financial Officer*

Place : Mumbai
Date : August 21, 2018

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in Thousand of Indian Rupees unless otherwise stated)

**Equity Share Capital**

| | As at April 01, 2016 | Changes in equity share capital during the year | As at March 31, 2017 | Changes in equity share capital during the year | As at March 31, 2018 |
|---|---|---|---|---|---|
| | 354,365 | – | 354,365 | – | **354,365** |

**Other Equity**

| | Other Reserves | | | | Other Comprehensive Income | | Total Equity |
|---|---|---|---|---|---|---|---|
| | Securities Premium Account | Capital Redemption Reserve | General Reserve | Surplus (Profit and loss balance) – Refer note 1 below | Re-measurement of net defined benefit (liability)/ asset | Net gain/ (loss) on Fair value of equity instruments | |
| **Balance at April 01, 2016** | **2,716,000** | **297,500** | **1,216,889** | **2,775,012** | **–** | **285,234** | **7,290,635** |
| Profit for the year | – | – | – | 798,753 | – | – | 798,753 |
| **Balance at March 31, 2017** | **2,716,000** | **297,500** | **1,216,889** | **3,573,765** | **–** | **285,234** | **8,089,388** |
| Profit for the year | – | – | – | 671,168 | – | – | 671,168 |
| Other comprehensive income for the year | – | – | – | – | (1) | 312,916 | 312,915 |
| **Total comprehensive income for the year** | **–** | **–** | **–** | **671,168** | **(1)** | **312,916** | **984,083** |
| **Balance at March 31, 2018** | **2,716,000** | **297,500** | **1,216,889** | **4,244,933** | **(1)** | **598,150** | **9,073,471** |

**Notes:**

**1)** Surplus (Profit and loss balance) as on March 31, 2018 and March 31, 2017 includes ₹ 13,757 thousand being the difference between interest free loan taken from an entity over which Individuals having direct or indirect control over the Company, have significant influence/ control, and the fair value at inception with reference to the market rate.

**2)** **Nature and purpose of reserves:**

**Securities premium**

Securities premium is used to record the premium received on issue of shares. It shall be utilised in accordance with the provisions of the Companies Act, 2013.

**Capital Redemption Reserve**

Capital redemption Reserve was created during redemption of preference shares out of the profits of the Company in accordance with the requirements of relevant statute.

**General Reserve**

General reserve forms part of the retained earnings and is permitted to be distributed to shareholders as part of dividend.

As per our attached report of even date

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

**For M. P. Chitale & Co.**
Chartered Accountants

**Dr. G. B. Parulkar**
*Chairman and Managing Director*
DIN: 00015668

**Neeraj Jain**
*Director*
DIN: 08118877

**Stephen D'Souza**
*Director*
DIN: 00045812

**Ashutosh Pednekar**
Partner

**Nikhil Malpani**
*Company Secretary*

**Ravi Shekhar Mitra**
*Chief Financial Officer*

Place : Mumbai
Date : August 21, 2018

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in Thousand of Indian Rupees unless otherwise stated)

| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| **CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES:** | | |
| **Profit before tax** | **938,438** | 1,154,354 |
| **Adjustments for** | | |
| Depreciation and impairment | **22,277** | 23,863 |
| Liabilities no more payable | **(1,105)** | (996) |
| Advances no more recoverable | **190** | – |
| Provision for doubtful debts | **187** | – |
| Finance costs | **256,957** | 264,986 |
| Interest Income | **(659,798)** | (578,055) |
| Measurement of debentures at fair value | **(212,940)** | (263,261) |
| Provision for diminution in value of investment | – | 1,903 |
| Loss on conversion of Optionally Convertible Redeemable Debentures | **281,008** | – |
| **Operating profit before Working Capital changes** | **625,214** | 602,794 |
| Movement in working capital: | | |
| (Increase)/Decrease in Trade Receivables | **(30,225)** | (23,629) |
| (Increase)/Decrease in Loans and Advances and Other assets | **13,260** | (3,854) |
| Increase/(Decrease) in Liabilities and Provisions | **8,036** | 2,924 |
| **Cash Generated from Operations** | **616,285** | 578,235 |
| Income taxes paid | **(188,072)** | (93,895) |
| **Net cash from Operating Activities (A)** | **428,213** | 484,340 |
| **CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:** | | |
| Purchase of Fixed Assets and Additions to Capital work-in-progress | **(123)** | (1,114) |
| Repayment by/(Loans to) companies/firms/subsidiaries | – | (1) |
| Margin money, Fixed deposits with maturity of more than 3 months and other bank balances | **(428,619)** | (173,297) |
| Interest received | **55,610** | 45,801 |
| **Net cash used in Investing Activities (B)** | **(373,132)** | (128,611) |
| **CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:** | | |
| Proceeds from borrowings | **3,000,000** | – |
| Repayment of borrowings | **(2,040,586)** | (180,403) |
| Finance costs paid | **(240,895)** | (251,394) |
| Dividend pertaining to earlier years paid | **(754)** | (712) |
| **Net cash from/(used in) Financing Activities (C)** | **717,765** | (432,509) |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | **772,846** | (76,780) |
| **CASH AND CASH EQUIVALENTS, at beginning of year** | **36,850** | 113,630 |
| **CASH AND CASH EQUIVALENTS, at end of year** | **809,696** | 36,850 |
| **Component of Cash and Cash equivalents, at end of year** | | |
| Balance with banks: | | |
| In current account | **59,643** | 36,797 |
| Deposit with maturity period less than 3 months | **750,000** | – |
| Cash in hand | **53** | 53 |
| **Total** | **809,696** | 36,850 |

**Notes:**

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (Ind AS) 7 – "Cash Flow Statements".
2. All figures in bracket are outflow.
3. Income taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.

As per our attached report of even date

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

**For M. P. Chitale & Co.**
Chartered Accountants

**Dr. G. B. Parulkar**
*Chairman and Managing Director*
DIN: 00015668

**Neeraj Jain**
*Director*
DIN: 08118877

**Stephen D'Souza**
*Director*
DIN: 00045812

**Ashutosh Pednekar**
Partner

**Nikhil Malpani**
*Company Secretary*

**Ravi Shekhar Mitra**
*Chief Financial Officer*

Place : Mumbai
Date : August 21, 2018

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in Thousand of Indian Rupees unless otherwise stated)

### 1A. BACKGROUND

Carol Info Services Limited ('CISL' or 'the Company') is a subsidiary of Khorakiwala Holdings and Investments Private Limited. The Company is engaged in renting of immovable property activity.

### 1B. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

**I. Statement of compliance**

The Financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the Section 133 of the Companies Act, 2013 ("the 2013 Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

**II. Basis of preparation**

The Financial Statements have been prepared on accrual basis under the historical cost convention except that certain financial assets and liabilities that are measured at fair value in the statement of financial position.

**III. Use of Estimates and Judgements**

The preparation of the financial statements in conformity with Ind AS requires the management to make judgements and estimates about the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the judgements and estimates used in preparation of the Financial Statements are prudent and reasonable.

The 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 periods.

Critical judgements in applying accounting policies:

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

*(i) Leasehold land:*

The Company has entered into several arrangements for lease of land from Government entities and other parties. Significant judgement is involved in assessing whether such arrangements are in the nature of finance or operating lease. In making such an assessment, the Company considers various factors which includes whether the present value of minimum lease payments amounts to at least substantially all of the fair value of lease assets, renewal terms, purchase option, sub-lease options etc. Based on evaluation of above factors, leases are evaluated on case to case basis for the purpose of classification as finance or operating lease.

Key sources of estimation uncertainty:

*(i) Impairment of trade receivables:*

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

*(ii) Legal and other disputes:*

The Company provides for anticipated settlement costs where an outflow of resources is considered probable and a reliable estimate may be made of the likely outcome of the dispute and legal and other expenses arising from claims against the Company. These estimates take into account the specific circumstances of each dispute and relevant external advice are inherently judgemental and could change substantially over time as new facts emerge and each dispute progresses.

## IC. SIGNIFICANT ACCOUNTING POLICIES:

### (a) Property, Plant and Equipment and Depreciation

*I. Recognition and Measurement:*

Items of Property, Plant and Equipment are measured at cost less accumulated depreciation and impairment losses, if any. The cost of an item of Property, Plant and Equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

  Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in Statement of Profit and Loss. If significant parts of an item of Property, Plant and Equipment have different useful lives, then they are accounted for as separate items (major components) of Property, Plant and Equipment.

*II. Subsequent expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Any gain or loss on disposal of an item of Property, Plant and Equipment is recognised in the Statement of Profit and Loss.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

*III. Depreciation*

Depreciation is provided, using the straight line method, pro rata to the period of use of assets, in accordance with the requirements of Schedule II of the Companies Act, 2013, based on the useful lives of the assets determined through technical assessment by the management. The estimated useful lives followed by the Company are as follows:

| Assets | Estimated useful life |
|---|---|
| Leasehold land | over the period of lease |
| Buildings | 30-60 years |
| Plant and Machinery | 10-20 years |
| Furniture and Fixtures | 10 years |
| Office Equipments | 4-5 years |
| Information Technology Equipments | 3 years |
| Vehicles | 5 years |

Components having useful lives different from the life of parent assets as stated above are depreciated over the useful life of the components. Fixed assets whose aggregate cost is ₹ 5,000 or less are depreciated fully in the year of acquisition.

### (b) Impairment of assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss.

The recoverable amount is the greater of the fair value less cost of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. 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.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

**(c) Foreign currency transactions/translations:**

i) Transactions in foreign currencies are translated to the reporting currency at exchange rates at the dates of the transactions.

ii) Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the reporting currency at the exchange rate at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

iii) Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in the Statement of Profit and Loss in the period in which they arise.

**(d) Financial Instruments**

I. Financial assets

(i) Classification of financial assets

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

*Debt instruments at amortised cost:*

A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

*Debt instruments at fair value through other comprehensive income (FVOCI):*

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the EIR method. The Company does not have any instruments classified as fair value through other comprehensive income (FVOCI).

*Debt instruments measured at fair value through profit and loss (FVTPL):*

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

*Equity investments:*

Investment in subsidiaries, associates and joint ventures are measured at cost.

All other equity investments which are 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 decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

The Company does not have any equity investments classified as FVTPL.

(ii) Initial recognition and measurement

All financial assets are recognised initially at fair value and for those instruments that are not subsequently measured at FVTPL, plus/minus transaction costs that are attributable to the acquisition of the financial assets.

Trade receivables are carried at original invoice price and do not contain any significant financing component. 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.

(iii) Derecognition of financial assets

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

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

– The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates whether it has transferred substantially all the risks and rewards of ownership. In such cases, the financial asset is derecognised. 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.

(iv) Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, historical observed default rates are updated and changes in the forward-looking estimates are analysed.

II. Financial Liabilities and equity instruments:

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(i) 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. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(ii) Financial liabilities: - Classification:

Financial liabilities are classified as either 'at FVTPL' or 'other financial liabilities'. FVTPL liabilities consist of derivative financial instruments, wherein the gains/losses arising from remeasurement of these instruments is recognised in the Statement of Profit and Loss. Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

(iii) Initial recognition and measurement:

All financial liabilities are recognised initially at fair value and for those instruments that are not subsequently measured at FVTPL, plus/minus transaction costs that are attributable to issue of these instruments.

(iv) 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 and Loss.

III. Fair value:

The Company determines the fair value of its financial instruments on the basis of the following hierarchy:

(a) Level 1: The fair value of financial instruments quoted in active markets is based on their quoted closing price at the balance sheet date.

(b) Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions.

(c) Level 3: The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs).

**(e) Income tax**

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates items recognised directly in equity or in OCI.

*Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured at the amount expected to be recovered from or paid to the taxation authorities. using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends if any.

Current tax assets and liabilities are offset only if, the Company:

a) has a legally enforceable right to set off the recognised amounts; and

b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

*Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

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

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

Deferred tax assets and liabilities are offset only if:

a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

**(f) Inventories**

Inventories of stores and spare parts are valued at cost.

**(g) Employee benefits**

*Short term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

*Defined benefit plans*

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense/(income) on the net defined liability/(assets) is computed by applying the discount rate, used to measure the net defined liability/(asset). Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Other long-term employee benefits*

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurement are recognised in Statement of Profit and Loss in the period in which they arise.

**(h) Revenue recognition**

The Company recognises revenues on dispatch of goods to customers. Revenues are recorded at invoice value net of sales tax, excise, returns and trade discounts.

Revenue from services are recognised on completion of such services.

Rental Income is recognised on time proportionate basis over the period of the agreement.

**(i) Leases**

*Determination of lease arrangement*

An arrangement, which is not in the legal form of a lease, is accounted for as a lease, if:

a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and

b) the arrangement conveys a right to use the asset.

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If it is impracticable to separate the payments reliably, then a finance lease receivable is recognised at an amount equal to the fair value of the underlying asset; subsequently, the receivable is reduced as payments are made and a finance income is recognised using the interest rate implicit in the lease.

*Finance Lease*

Agreements are classified as finance leases, if substantially all the risks and rewards incidental to ownership of the leased asset is transferred to the lessee.

Assets given under finance leases are recognised as a receivable at an amount equal to the net investment in the lease. Finance income is allocated over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the net investment in the finance lease.

Minimum lease payments, for assets taken under finance lease, are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

*Operating Lease*

Agreements which are not classified as finance leases are considered as operating lease.

Payments made under operating leases are recognised in Statement of Profit and Loss on a straight line basis, unless the escalation clauses are in line with the expected inflation at the inception of the respective lease.

**(j) Financing/Borrowing cost**

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds and is measured with reference to the effective interest rate applicable to the respective borrowing. Borrowing costs include interest costs measured at EIR and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, allocated to qualifying assets, pertaining to the period from commencement of activities relating to construction/ development of the qualifying asset up to the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

All other borrowing costs are recognised as an expense in the period which they are incurred.

**(k) Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed in the Notes. Contingent liabilities are disclosed for (1) possible obligations which will be confirmed only by future events not wholly within the control of the Company or (2) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised in the financial statements as this may result in the recognition of income that may never be realised. Contingent assets (if any) are disclosed in the notes to the financial statements.

**(l) Earnings per share**

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for the events for bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares.

**(m) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

**(n) Operating cycle**

All assets and liabilities have been classified as current or non-current as per each Company's normal operating cycle and other criteria set out in the Schedule III to the Act.

2. **PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS**

A) The changes in the carrying amount of fixed assets for the year ended March 31, 2018 is as follows:

| PARTICULARS | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION AND IMPAIRMENT | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1.4.2017 | Additions | Deductions/ Other Adjustments | **As at 31.3.2018** | As at 1.4.2017 | For the year | Deductions/ Other Adjustments | **As at 31.3.2018** | **As at 31.3.2018** |
| **Tangible Assets** | | | | | | | | | |
| Freehold Land | 274 | – | – | **274** | – | – | – | – | **274** |
| Leasehold Land | 154,999 | – | – | **154,999** | 5,276 | 2,634 | – | **7,910** | **147,089** |
| Plant and Equipment | 22,653 | 198 | – | **22,851** | 7,074 | 3,148 | – | **10,222** | **12,629** |
| Furniture and Fixtures | 6,772 | – | – | **6,772** | 4,648 | 172 | – | **4,820** | **1,952** |
| Vehicles | 111 | – | – | **111** | 111 | – | – | **111** | – |
| Office Equipments | 2,646 | – | – | **2,646** | 1,638 | 853 | – | **2,491** | **155** |
| Information Technology Equipments | 30 | – | – | **30** | 28 | – | – | **28** | **2** |
| **TOTAL** | **187,485** | **198** | – | **187,683** | **18,775** | **6,807** | – | **25,582** | **162,101** |
| **Capital Work-In-Progress** | 5,511 | – | – | **5,511** | 5,511 | – | – | **5,511** | – |
| **TOTAL** | **192,996** | **198** | – | **193,194** | **24,286** | **6,807** | – | **31,093** | **162,101** |

B) The changes in the carrying amount of fixed assets for the year ended March 31, 2017 is as follows:

| PARTICULARS | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION AND IMPAIRMENT | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1.4.2016 | Additions | Deductions/ Other Adjustments | **As at 31.3.2017** | As at 1.4.2016 | For the year | Deductions/ Other Adjustments | **As at 31.3.2017** | **As at 31.3.2017** |
| **Tangible Assets** | | | | | | | | | |
| Freehold Land | 274 | – | – | **274** | – | – | – | – | **274** |
| Leasehold Land | 154,999 | – | – | **154,999** | 2,642 | 2,634 | – | **5,276** | **149,723** |
| Plant and Equipment | 21,687 | 966 | – | **22,653** | 3,648 | 3,426 | – | **7,074** | **15,579** |
| Furniture and Fixtures | 6,772 | – | – | **6,772** | 3,995 | 653 | – | **4,648** | **2,124** |
| Vehicles | 111 | – | – | **111** | 111 | – | – | **111** | – |
| Office Equipments | 2,577 | 69 | – | **2,646** | 730 | 908 | – | **1,638** | **1,008** |
| Information Technology Equipments | 30 | – | – | **30** | 28 | – | | **28** | **2** |
| **TOTAL** | **186,450** | **1,035** | – | **187,485** | **11,154** | **7,621** | – | **18,775** | **168,710** |
| **Capital Work-In-Progress** | 5,511 | – | – | **5,511** | 5,511 | – | – | **5,511** | – |
| **TOTAL** | **191,961** | **1,035** | – | **192,996** | **16,665** | **7,621** | – | **24,286** | **168,710** |

**Notes:**

(a) Of the above, assets on which charge has been created (Refer note 12) amounts to ₹ 147,026 thousand (Previous year - ₹ 149,652 thousand)

(b) Out of the above assets, the following are the details of assets given on lease:

| Assets given on lease | **As at March 31, 2018** | | | As at March 31, 2017 | | |
|---|---|---|---|---|---|---|
| | **Gross Block** | **Accumulated Depreciation** | **Net Block** | Gross Block | Accumulated Depreciation | Net Block |
| Furniture and fixtures | **5,758** | **4,447** | **1,311** | 5,758 | 3,746 | 2,012 |
| Office equipments | **2,604** | **2,504** | **100** | 2,604 | 1,836 | 768 |
| Plant and equipment | **21,735** | **10,045** | **11,690** | 21,537 | 6,671 | 14,866 |
| Vehicles* | – | – | – | – | – | – |
| **TOTAL** | **30,097** | **16,996** | **13,101** | 29,899 | 12,253 | 17,646 |

* Gross value ₹ 985 thousand (Previous year - ₹ 985 thousand) and fully depreciated.

### 3. INVESTMENT PROPERTY

| PARTICULARS | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET CARRYING AMOUNT |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1.4.2017 | Additions | Deductions/ Other Adjustments | **As at 31.3.2018** | As at 1.4.2017 | For the year | Deductions/ Other Adjustments | **As at 31.3.2018** | **As at 31.3.2018** |
| Buildings | 722,959 | – | – | **722,959** | 32,529 | 15,470 | – | **47,999** | **674,960** |
| **TOTAL** | **722,959** | **–** | **–** | **722,959** | **32,529** | **15,470** | **–** | **47,999** | **674,960** |

| PARTICULARS | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET CARRYING AMOUNT |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1.4.2016 | Additions | Deductions/ Other Adjustments | **As at 31.3.2017** | As at 1.4.2016 | For the year | Deductions/ Other Adjustments | **As at 31.3.2017** | **As at 31.3.2017** |
| Buildings | 722,959 | – | – | **722,959** | 16,287 | 16,242 | – | **32,529** | **690,430** |
| **TOTAL** | **722,959** | **–** | **–** | **722,959** | **16,287** | **16,242** | **–** | **32,529** | **690,430** |

**Note:** Of the above, assets on which charge has been created (Refer note 12) amounts to ₹ 584,722 thousand (Previous year - ₹ 597,509 thousand).

The Company's investment properties consists of office buildings rented out to third parties.

**Information regarding Income and Expenditure of Investment Property**

| **Particulars** | **2017-18** | 2016-17 |
|---|---|---|
| Rental Income derived from investment Properties | **670,101** | 655,321 |
| Less: Depreciation | **15,470** | 16,242 |
| Less: Other expenses | **34,408** | 40,984 |
| **Profit arising from Investment Properties before indirect expenses** | **620,223** | 598,095 |

The fair value of the investment property as on March 31, 2018 is ₹ 4,723,874 thousand (Previous year - ₹ 4,682,303 thousand). These fair values of the investment property are categorised as level 2 in the fair valuation hierarchy and has been determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

### 4. NON-CURRENT INVESTMENTS

| | **As at March 31, 2018** | As at March 31, 2017 |
|---|---|---|
| **A. Investment in Subsidiary at cost** | | |
| **Unquoted Equity Shares** | | |
| 10,000 (Previous year - 10,000) Equity shares of ₹ 10 each fully paid-up in Banneret Trading Private Limited [including 6 (Previous year - 6) fully paid-up shares of par value held in the name of the nominees of the Company] | **100** | 100 |
| **B. Other Investments – Investment in Optionally Convertible Redeemable Debentures – Fair value through Profit and Loss** | | |
| 1,835 (Previous year - 2,500) 0% Optionally Convertible Redeemable Debentures of ₹ 1,000,000 each fully paid-up of the following series in Wockhardt Hospitals Limited:<br>– 740 (Previous year - 1,405) Series A Debentures<br>– 530 (Previous year - 530) Series B Debentures<br>– 565 (Previous year - 565) Series C Debentures | **2,561,349** | 3,223,116 |
| **C. Other Investments - Investment in equity instruments – Fair value through Other Comprehensive Income (OCI)** | | |
| 11,579,338 (Previous year - 6,750,000) Equity shares of ₹ 10 each fully paid-up in Wockhardt Hospitals Limited | **1,423,516** | 420,781 |
| 780,000 (Previous year - 780,000) Equity shares of ₹ 10 each fully paid-up in Al Barr Finance House Limited | **17,583** | 17,583 |
| Less: Impairment provision | **(17,583)** | (17,583) |
| | – | – |
| | **1,423,516** | 420,781 |
| **Total** | **3,984,965** | 3,643,997 |
| **Aggregate book value of unquoted investments** | **3,984,965** | 3,643,997 |

## 5. NON-CURRENT FINANCIAL ASSETS -LOANS

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Loans to related parties (Refer note 29)** | | |
| Unsecured, considered good | **5,564,307** | 4,968,181 |
| Unsecured, considered doubtful | **16,064** | 16,064 |
| Less: Loss allowance | **(16,064)** | (16,064) |
| | – | – |
| **Total** | **5,564,307** | 4,968,181 |

## 6. OTHER NON-CURRENT FINANCIAL ASSETS

| | | |
|---|---|---|
| Deposits with maturity more than 12 months | **131,900** | 17,787 |
| **Total** | **131,900** | 17,787 |

## 7. OTHER NON-CURRENT ASSETS

| | | |
|---|---|---|
| Capital advances | – | 74 |
| Security Deposits | **5,193** | 4,953 |
| **Total** | **5,193** | 5,027 |

## 8. TRADE RECEIVABLES (Refer note 29 for related party balances)

| | | |
|---|---|---|
| Unsecured, considered good | **268,067** | 238,029 |
| Unsecured, considered doubtful | **259** | 72 |
| Less: Loss allowance | **(259)** | (72) |
| | – | – |
| **Total** | **268,067** | 238,029 |

**Note:**

Trade receivables pledged as collateral as referred to in Note 12 ₹ 267,198 thousand (Previous year - ₹ 207,689 thousand)

## 8a. CASH AND CASH EQUIVALENTS

| | | |
|---|---|---|
| a) Balance with banks : | | |
| In current account | **59,643** | 36,797 |
| Deposit with maturity period less than 3 months | **750,000** | – |
| b) Cash in hand | **53** | 53 |
| **Total** | **809,696** | 36,850 |

## 8b. OTHER BANK BALANCES

| | | |
|---|---|---|
| Unpaid dividend accounts | – | 754 |
| Deposits with original maturity more than 3 months but less than 12 months | **405,748** | 134,105 |
| Deposits with maturity more than 12 months (includes deposit under lien ₹ 95,100 thousand (Previous year - ₹ 126,884 thousand) | **331,169** | 429,795 |
| Deposits with maturity equal to 12 months | **239,509** | 98,020 |
| **Total** | **976,426** | 662,674 |

## 9. OTHER CURRENT FINANCIAL ASSETS

| | | |
|---|---|---|
| Interest Accrued | **10,317** | 2,255 |
| **Total** | **10,317** | 2,255 |

## 10. OTHER CURRENT ASSETS

| | | |
|---|---|---|
| Balance with customs, excise and sales tax authorities | – | 11,673 |
| Other Advances | | |
| Unsecured, considered good | **6,853** | 8,116 |
| Unsecured, considered doubtful | **190** | – |
| Less: provision for doubtful advances | **(190)** | – |
| | – | – |
| **Total** | **6,853** | 19,789 |

## 11. SHARE CAPITAL

| | As at March 31, 2018 Number of shares | As at March 31, 2018 Amount | As at March 31, 2017 Number of shares | As at March 31, 2017 Amount |
|---|---|---|---|---|
| **AUTHORISED** | | | | |
| Unclassified shares of ₹ 10 each | **100,000,000** | **1,000,000** | 100,000,000 | 1,000,000 |
| **ISSUED** | | | | |
| Equity shares of ₹ 10 each | **35,519,797** | **355,198** | 35,519,797 | 355,198 |
| **SUBSCRIBED AND PAID UP** | | | | |
| Equity shares of ₹ 10 each | **35,436,472** | **354,365** | 35,436,472 | 354,365 |

**Notes:**

**a. Reconciliation of number of Equity shares outstanding at the beginning and end of the year:**

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Outstanding at the beginning of the year** | **35,436,472** | 35,436,472 |
| Additions during the year | – | – |
| **Outstanding at the end of the year** | **35,436,472** | 35,436,472 |

**b. Terms/Rights attached to Equity shares**

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share held and is entitled to dividend, if declared at the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the 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.

**c. Shares held by holding company**

32,671,270 (Previous year - 32,665,270) fully paid up equity shares are held by Khorakiwala Holdings and Investments Private Limited, the holding company.

**d. Shareholders holding more than 5% shares in the Company is set out below:**

| | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | No. of Shares | % of holding | No. of Shares | % of holding |
| Khorakiwala Holdings and Investments Private Limited | **32,671,270** | **92.20** | 32,665,270 | 92.18 |

## 12. NON-CURRENT FINANCIAL LIABILITIES – BORROWINGS

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **SECURED** | | |
| Term loan from bank (Refer note (a) below) | **2,820,000** | 1,747,613 |
| **UNSECURED** | | |
| Loans from related party (Refer note (b) below) | – | – |
| **Total** | **2,820,000** | 1,747,613 |

**Notes:**

a) The Company has taken a new loan during the current year and prepaid the loan outstanding during the previous year. The new term loan is secured by exclusive charge by way of mortgage of premises situated at Bandra Kurla Complex, Mumbai and exclusive charge by way of hypothecation of future cash flow/receivables from the aforesaid premises. This term loan carrying interest rate at 1 Year MCLR plus BPS p.a. is repayable by way of monthly instalments and will be fully repaid by November 2026. The Term loan secured by way of mortgage of premises situated at Bandra Kurla Complex, Mumbai and exclusive charge by way of hypothecation of lease rentals receivables from the aforesaid property, which was outstanding during the previous year has been prepaid.

b) Interest free loan ₹ 54,690 thousand (Previous year - ₹ 54,690 thousand) are repayable by 2018 in 2 equal annual instalment subject to any further amendment with mutual understanding. Also, Refer note 29.

**13. PROVISIONS (NON-CURRENT)**

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Provision for employee benefits (Refer Note 25)** | | |
| Gratuity (unfunded) | **15** | – |
| Compensated absences (unfunded) | **48** | – |
| **Total** | **63** | – |

**14. TRADE PAYABLES**

| | | |
|---|---|---|
| Trade payables | **3,439** | 3,035 |
| **Total** | **3,439** | 3,035 |

**Note:**

Principal amount including interest, if any payable to micro and small enterprises as per Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2018 ₹ Nil (Previous year - ₹ Nil). The above information is given to the extent information available with the Company and relied upon by the auditors.

**15. OTHER CURRENT FINANCIAL LIABILITIES**

| | | |
|---|---|---|
| Current maturities of long-term debt (Refer note 12) | **194,576** | 292,204 |
| Unclaimed dividends | – | 754 |
| Other payables | | |
| Deposits payable | **577,464** | 577,464 |
| Employee liabilities | **24** | 44 |
| Other payables | **10,350** | 14,430 |
| **Total** | **782,414** | 884,896 |

**16. OTHER CURRENT LIABILITIES**

| | | |
|---|---|---|
| Other payables | **11,914** | 1,268 |
| **Total** | **11,914** | 1,268 |

**17. PROVISIONS**

| | | |
|---|---|---|
| **Provision for employee benefits (Refer note 25)** | | |
| Gratuity (unfunded) | – | 24 |
| Compensated absences (unfunded) | **3** | 60 |
| **Total** | **3** | 84 |

**18. REVENUE FROM OPERATIONS**

| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| Rent income (Refer note 26) | **670,101** | 655,321 |
| **Total** | **670,101** | 655,321 |

**19. OTHER INCOME**

| | | |
|---|---|---|
| Interest Income | **659,798** | 578,055 |
| Fair valuation of debentures | **212,940** | 263,261 |
| Miscellaneous income (Refer note below) | **1,105** | 1,006 |
| **Total** | **873,843** | 842,322 |

**Note:**

Miscellaneous income to the extent of ₹ 1,105 thousand (Previous year - ₹ 996 thousand) is on account of liabilities no more payable.

| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| **20. EMPLOYEE BENEFITS EXPENSES** | | |
| Salaries and wages (Refer note 25) | **586** | 708 |
| Contribution to provident and other funds (Refer note 25) | **22** | 24 |
| Staff welfare expenses | **187** | 153 |
| **Total** | **795** | 885 |
| **21. FINANCE COSTS** | | |
| Interest Expenses on | | |
| term loans | **249,850** | 254,546 |
| others | **4,886** | 9,586 |
| Other borrowing costs | **2,221** | 854 |
| **Total** | **256,957** | 264,986 |
| **22. OTHER EXPENSES** | | |
| Travelling and conveyance | **96** | 262 |
| Power and fuel | **5,688** | 9,200 |
| Rent | **100** | 100 |
| Rates and taxes | **16,202** | 17,819 |
| Repairs and maintenance: | | |
| Building | **951** | 5,907 |
| Others | **5,956** | 1,786 |
| Insurance | **1,602** | 1,793 |
| Provision for doubtful debts | **187** | – |
| Legal and professional charges | **5,838** | 8,546 |
| Security services | **3,744** | 4,479 |
| Secretarial expenses | **1,544** | 1,190 |
| Provision for permanent diminution in investment | – | 1,903 |
| Loss on conversion of Optionally Convertible Redeemable Debentures | **281,008** | – |
| Miscellaneous expenses (Refer note below) | **2,561** | 570 |
| **Total** | **325,477** | 53,555 |
| **Note:** | | |
| **Payment to auditors included in Miscellaneous expenses** | | |
| Audit fees | **763** | 440 |
| Other services | **300** | – |
| Out of pocket expenses | **35** | – |
| Service tax | – | 2 |
| **Total** | **1,098** | 442 |

Payment to Auditors includes ₹ 350 thousand (Previous year - ₹ Nil) being differential fees pertaining to FY 2016-17

**23. EARNINGS PER SHARE (EPS)**

The calculations of earnings per share (EPS) (basic and diluted) are based on the earnings and number of shares as computed below:

| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| **Reconciliation of earnings** | | |
| Profit after tax | **671,168** | 798,753 |
| Net profit for calculation of Basic/Diluted EPS | **671,168** | 798,753 |
| **Reconciliation of number of shares** | **35,436,472** | 35,436,472 |
| Weighted average number of shares in calculating Basic/Diluted EPS | **35,436,472** | 35,436,472 |
| **Earnings per share (nominal value ₹ 10 each)** | | |
| Earnings per share - Basic/Diluted in ₹ | **18.94** | 22.54 |

| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| **24. INCOME TAXES** | | |
| **(a) Amounts recognised in profit or loss** | | |
| **Current income tax expense** | **111,231** | 142,568 |
| **Tax balances written off (net)** | **960** | – |
| **Deferred income tax liability/(asset), net** | | |
| Origination and reversal of temporary differences (including MAT credit entitlement) | **150,325** | 213,033 |
| Increase in Indian corporate tax rate in deferred tax | **4,754** | – |
| **Deferred tax expense** | **155,079** | 213,033 |
| **Total tax expense** | **267,270** | 355,601 |
| **(b) Amount recognised in other comprehensive income** | | |
| **Items that will not be reclassified to profit or loss** | | |
| Re-measurement of the defined benefit plans – (charge)/credit | **(1)** | – |
| Fair value on equity instruments – (charge)/credit | **(96,120)** | – |
| **Total** | **(96,121)** | – |
| **(c) Reconciliation of effective tax rate** | | |
| **Profit before tax (a)** | **938,438** | 1,154,354 |
| Tax using the Company's domestic tax rate (Current year - 34.608% and Previous year - 34.608%) | **324,775** | 399,499 |
| **Tax effect of:** | | |
| Deductions admissible under Section 24 and 25 of the Income Tax Act, 1961 | **(86,790)** | (72,296) |
| Expenses not deductible for tax purposes | **24,392** | 28,747 |
| Items on which no tax is payable | **382** | (349) |
| Rate difference on taxable profits/loss | **8,305** | – |
| Impact of re measurement of tax due to rate change | **(4,754)** | – |
| Tax balances written off | **960** | – |
| **Tax expense as per profit or loss (b)** | **267,270** | 355,601 |
| **Effective tax rate for the year (b)/(a)** | **28.48%** | 30.81% |

**Note:**

The decrease in rate is mainly on account of deduction of expenses under Section 24 and Section 25 offset by increase on account of disallowance of actual expenses.

**(c) Movement in deferred tax balances**

| **Particulars** | **Net balance April 01, 2017** | **Recognised in profit or loss** | **Recognised in OCI** | **As at March 31, 2018** | | |
|---|---|---|---|---|---|---|
| | | | | **Net deferred tax asset/(liability)** | **Deferred tax asset** | **Deferred tax liability** |
| Investments | (85,547) | 16,610 | (96,120) | **(165,057)** | – | **(165,057)** |
| Borrowings | (5,310) | 5,310 | – | – | – | – |
| Loans given | 828,905 | (200,262) | – | **628,643** | **628,643** | – |
| Debentures | (250,256) | (3,557) | – | **(253,813)** | – | **(253,813)** |
| Lease rent | 1,337 | 13,438 | – | **14,775** | **14,775** | – |
| Employee Benefits | – | – | (1) | **(1)** | – | **(1)** |
| MAT Credit | 58,931 | 13,382 | – | **72,313** | **72,313** | – |
| **Tax assets/(Liabilities)** | **548,060** | **(155,079)** | **(96,121)** | **296,860** | **715,731** | **(418,871)** |

| Particulars | Net balance April 01, 2016 | Recognised in profit or loss | Recognised in OCI | As at March 31, 2017 | | |
|---|---|---|---|---|---|---|
| | | | | Net deferred tax asset/(liability) | Deferred tax asset | Deferred tax liability |
| Investments | (85,547) | – | – | (85,547) | – | (85,547) |
| Borrowings | (8,855) | 3,545 | – | (5,310) | – | (5,310) |
| Loans given | 1,013,107 | (184,202) | – | 828,905 | 828,905 | – |
| Debentures | (159,146) | (91,110) | – | (250,256) | – | (250,256) |
| Lease rent | 1,534 | (197) | – | 1,337 | 1,337 | – |
| MAT Credit | – | 58,931 | – | 58,931 | 58,931 | – |
| Tax assets/(Liabilities) | 761,093 | (213,033) | – | 548,060 | 889,173 | (341,113) |

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

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered. Any changes in future taxable income would impact the recoverability of deferred tax assets.

During the year, the Company has accounted tax credit in respect of Minimum Alternative Tax (MAT credit) of ₹ 13,382 thousand (Previous year : ₹ 58,931 thousand)

Given that the Company does not have any intention to dispose investments in subsidiary in the foreseeable future, deferred tax asset on indexation benefit in relation to such investments has not been recognised.

## 25. EMPLOYEE BENEFITS

| | For the year ended March 31, 2018 Gratuity (Non-funded) | For the year ended March 31, 2017 Gratuity (Non-funded) |
|---|---|---|
| **(A) Defined benefit plans –** | | |
| **I. Expenses recognised in profit or loss** | | |
| 1. Current Service Cost | **13** | – |
| 2. Interest cost | **1** | – |
| **Total Expenses** | **14** | – |
| **II. Expenses recognised in Other Comprehensive Income** | | |
| 1. Actuarial changes arising from changes in demographic assumptions | – | – |
| 2. Actuarial changes arising from changes in financial assumptions | **(1)** | – |
| 3. Actuarial changes arising from changes in experience adjustments | **2** | – |
| **Total Expenses** | **1** | – |
| **III. Net Asset /(Liability) recognised as at balance sheet date** | | |
| 1. Present value of defined benefit obligation | **15** | – |
| 2. Net Asset/(Liability) | **(15)** | – |
| **IV. Reconciliation of Net Asset/(Liability) recognised as at balance sheet date** | | |
| 1. Net Asset/(Liability) at the beginning of year | – | – |
| 2. Expense as per I and II above | **(15)** | – |
| 3. Employer contributions | – | – |
| 4. Liability settled on resignation of the employee | – | – |
| 5. Excess provision written back | – | – |
| 6. Net asset/(liability) at the end of the year | **(15)** | – |
| **V. Maturity profile of defined benefit obligation** | | Not applicable |
| Within the next 12 months (next annual reporting period) | **0.02** | – |
| Between 2 and 5 years | **5** | – |
| Between 6 and 10 years | **1** | – |
| Beyond 10 years | **63** | – |
| **VI. Quantitative sensitivity analysis for significant assumptions:** | | Not applicable |
| 1. Increase/(decrease) on present value of defined benefit obligation at the end of the year | | |
| (i) One percent point increase in discount rate | **(2)** | – |
| (ii) One percent point decrease in discount rate | **3** | – |
| (iii) One percent point increase in rate of salary increase | **3** | – |
| (iv) One percent point decrease in rate of salary increase | **(2)** | – |
| (v) One percent point increase in attrition rate | **(0.47)** | – |
| (vi) One percent point decrease in attrition rate | **(0.48)** | – |
| 2. Sensitivity analysis method<br>The Sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. | | |
| **VII. Actuarial Assumptions** | | Not applicable |
| 1. Discount rate | **7.87%** | – |
| 2. Expected rate of salary increase | **8.00%** | – |
| 3. Attrition rate | **1.00%** | – |
| 4. Mortality | **Indian Assured Lives Mortality (2006-08) Ultimate** | – |
| **VIII. Expected contribution to the plan for the next anuual reporting period** | **9** | – |

**Notes:** (a) There was no material amount of gratuity liability as on March 31, 2017, hence no acturial valuation was carried out during the previous year. Provision for gratuity was however provided for on the basis of estimates.

(b) Amounts recognised as an expense and included in the Note 20 – “Salaries and wages” :

Gratuity ₹ -9 thousand (Previous year – ₹ 24 thousand) and compensated absences ₹ -9 thousand (Previous year – ₹ 60 thousand).

(c) Actuarial valuation was worked out considering attrition rate and estimates of future salary increase taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(d) The plan above is typically exposed to actuarial risk such as interest risk, Mortality risk, Asset Liability Matching risk (ALM) and salary risk

- Interest risk: The decrease in the G. Sec. interest rate will increase the liability.
- Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longetivity risk.
- ALM risk: The plan faces the ALM risk as to the matching cash flow. The Company has to manage payout based on the pay as you go basis from own funds.
- Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(e) The Company had provided for gratuity and compensated absence based on actuarial valuation done as per Projected Unit Credit Method.

**(B) Defined contribution plan –**

Amount recognised as an expense and included in the Note 20 – "Contribution to provident and other funds" ₹ 22 thousand (Previous year – ₹ 24 thousand).

## 26. LEASES

**A. Operating leases**

**Leases as lessor**

The Company has given on operating lease certain office and factory premises. These leave and license agreements are for a period not exceeding five years and are in most cases renewable by mutual consent, on mutually agreeable terms. The company has taken refundable interest free security deposits in accordance with the agreed terms. Future lease rentals receivable are as follows:

| | March 31, 2018 | | | |
|---|---|---|---|---|
| | **For the year** | **Not later than one year** | **Later than One Year and not later than five years** | **Later than five years** |
| Lease Rent Receivable | **655,621** | **648,114** | **675,787** | – |
| | March 31, 2017 | | | |
| | 63,000 | 65,363 | 16,538 | – |

**B. Finance leases**

**Leases as lessee**

The Company has entered into a finance lease for land for a period of 80 years. Except for the initial payment there are no material annual payments for the aforesaid lease. Refer Note 2 for the carrying amount.

## 27. FINANCIAL INSTRUMENTS

**Financial instruments – Fair values and risk management**

**A. Accounting classification and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if their carrying amount is a reasonable approximation of fair value.

| | Carrying amount | | | | Total Fair value | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| **March 31, 2018** | **Fair value through profit and loss** | **Fair value through other comprehensive income** | **Amortised Cost** | **Total** | **Total** | **Quoted prices in active markets (Level 1)** | **Significant observable inputs (Level 2)** | **Significant unobservable inputs (Level 3)** | **Total** |
| **Financial assets** | | | | | | | | | |
| Non-current investments | 2,561,349 | 1,423,516 | – | 3,984,865 | 3,984,865 | – | – | 3,984,865 | 3,984,865 |
| Loans – non-current | – | – | 5,564,307 | 5,564,307 | 5,993,116 | – | 5,993,116 | – | 5,993,116 |
| Other non-current financial assets | – | – | 131,900 | 131,900 | 131,900 | – | – | – | – |
| Trade receivables | – | – | 268,067 | 268,067 | 268,067 | – | – | – | – |
| Cash and cash equivalents | – | – | 809,696 | 809,696 | 809,696 | – | – | – | – |
| Other bank balances | – | – | 976,426 | 976,426 | 976,426 | – | – | – | – |
| Other current financial assets | – | – | 10,317 | 10,317 | 10,317 | – | – | – | – |
| **Total** | **2,561,349** | **1,423,516** | **7,760,713** | **11,745,578** | **12,174,387** | – | **5,993,116** | **3,984,865** | **9,977,981** |
| **Financial liabilities** | | | | | | | | | |
| Borrowings | – | – | 3,014,576 | 3,014,576 | 3,014,576 | – | 3,014,576 | – | 3,014,576 |
| Trade payables | – | – | 3,439 | 3,439 | 3,439 | – | – | – | – |
| Other financial liabilities | – | – | 587,838 | 587,838 | 587,838 | – | – | – | – |
| **Total** | – | – | **3,605,853** | **3,605,853** | **3,605,853** | – | **3,014,576** | – | **3,014,576** |

| March 31, 2017 | Carrying amount | | | | Total Fair value | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Fair value through profit and loss | Fair value through other comprehensive income | Amortised Cost | Total | Total | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| **Financial assets** | | | | | | | | | |
| Non-current investments | 3,223,116 | 420,781 | – | 3,643,897 | 3,643,897 | – | – | 3,643,897 | 3,643,897 |
| Loans – non-current | – | – | 4,968,181 | 4,968,181 | 4,968,181 | – | 4,968,181 | – | 4,968,181 |
| Other non-current financial assets | – | – | 17,787 | 17,787 | 17,787 | – | – | – | – |
| Trade receivables | – | – | 238,029 | 238,029 | 238,029 | – | – | – | – |
| Cash and cash equivalents | – | – | 36,850 | 36,850 | 36,850 | – | – | – | – |
| Other bank balances | – | – | 662,674 | 662,674 | 662,674 | – | – | – | – |
| Other current financial assets | – | – | 2,255 | 2,255 | 2,255 | – | – | – | – |
| **Total** | **3,223,116** | **420,781** | **5,925,776** | **9,569,673** | **9,569,673** | – | **4,968,181** | **3,643,897** | **8,612,078** |
| **Financial liabilities** | | | | | | | | | |
| Borrowings | – | – | 2,039,817 | 2,039,817 | 2,039,817 | – | 2,039,817 | – | 2,039,817 |
| Trade payables | – | – | 3,035 | 3,035 | 3,035 | – | – | – | – |
| Other financial liabilities | – | – | 592,692 | 592,692 | 592,692 | – | – | – | – |
| **Total** | – | – | **2,635,544** | **2,635,544** | **2,635,544** | – | **2,039,817** | – | **2,039,817** |

## B. Measurement of fair values

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 forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

– Long term material variable rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customers and risk characteristics. Based on this evaluation, allowances are taken into account for the expected credit losses of the receivables.

– The fair values of the loans taken from banks and other parties estimated by discounting cash flows using rates currently available for debt/instruments on similar terms, credit risks and remaining maturities. These valuations requires management to use certain unobservable inputs to be disclosed in the table below. Management regularly assesses a range of reasonably possible alternatives for those significant observable inputs and determines their impact on the total fair value.

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant inputs used.

**Financial instruments measured at fair value**

| **Type** | **Valuation technique** | **Significant unobservable inputs** | **Inter-relationship between significant unobservable inputs and fair value measurement** |
|---|---|---|---|
| Non-Current Investments – Investment in Optionally Convertible Redeemable Debentures | Discounted cash flow technique: The valuation model considers present value of expected payments discounted using an appropriate discounting rate. | (i) Risk adjusted discount rate of 12%<br>(ii) Discounted cash inflows | The estimated fair value would increase/(decrease) if:<br>– the risk adjusted discount rate were lower/(higher)<br>– the cash inflows were higher/(lower) |
| Non-Current Investments – Investment in Unquoted Equity Instruments | Discounted cash flow technique: The valuation model considers present value of expected payments discounted using an appropriate discounting rate. | (i) EBITDA margins based on average EBITDA margin<br>(ii) Terminal growth rate based on the Company's long term sustainable growth rate potential<br>(iii) Weighted average cost of capital of 14% | The estimated fair value would increase/(decrease) if:<br>– the EBITDA margin were higher/(lower)<br>– the terminal growth rate were higher/(lower) or;<br>– the weighted average cost of capital were lower/(higher) |
| Non current financial assets measured at amortised cost/ long-term borrowings | Discounted cash flow technique: The valuation model considers present value of expected payments discounted using an appropriate discounting rate. | Not applicable | |

## C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

**Risk management framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company has defined and adopted a Risk Management Policy, which not only assesses the risks but also helps in timely ratification and minimization of these risks associated with strategic, operational, financial and compliance operations across all business operations. These control procedures and systems ensure that the Board is periodically informed on the material risks faced by the Company and the steps taken by the Company to alleviate those risks. At present, in the opinion of the Board of Directors, there are no risks which may threaten the existence of the Company.

### i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

**Trade and other receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

As on March 31, 2018 and March 31, 2017, the Company did not have any significant concentration of credit risk with any external customers (i.e. customers other than entities over which Individuals having direct or indirect control over the Company, have significant influence/control).

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

| | **Net Carrying amount** | |
|---|---|---|
| | **As at March 31, 2018** | As at March 31, 2017 |
| **Neither past due not impaired** | – | – |
| **Past due not impaired** | | |
| Past due 1-180 days | **27,105** | 237,953 |
| Past due 181-365 days | **3,727** | 76 |
| More than 365 days | **237,235** | – |
| | **268,067** | 238,029 |

***Expected credit loss assessment for customers as at March 31, 2018 and March 31, 2017***

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, available press information etc.) and applying experienced credit judgement.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

| | |
|---|---|
| Balance as at April 01, 2016 | 72 |
| Impairment loss recognised | – |
| Amounts written off | – |
| Balance as at March 31, 2017 | 72 |
| Impairment loss recognised | 187 |
| Amounts written off | – |
| **Balance as at March 31, 2018** | **259** |

**Cash and bank balances**

The Company held cash and bank balances of ₹ 1,786,122 thousand (Previous year – ₹ 699,524 thousand). The cash and cash equivalents are held with bank and financial institution counterparties with good credit ratings.

**Others**

Other than trade and other receivables, the Company has no other financial assets that are past due but not impaired.

**ii. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities. The Company monitors the net liquidity position through forecasts on the basis of expected cash flows.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

**Exposure to liquidity risk**

| **March 31, 2018** | **Carrying amount** | **Contractual cash flows** | | | | |
|---|---|---|---|---|---|---|
| | | **Total** | **Upto 1 year** | **1-3 years** | **3-5 years** | **More than 5 years** |
| **Non-derivative financial liabilities** | | | | | | |
| Borrowings | **3,014,576** | **4,404,558** | 448,659 | 884,513 | 1,009,600 | 2,061,786 |
| Trade payables | **3,439** | **3,439** | 3,439 | – | – | – |
| Deposits payable | **577,464** | **577,464** | 577,464 | – | – | – |
| Employee liabilities | **24** | **24** | 24 | – | – | – |
| Other payables | **10,350** | **10,350** | 10,350 | – | – | – |

| March 31, 2017 | Carrying amount | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | | Total | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| **Non-derivative financial liabilities** | | | | | | |
| Borrowings | 2,039,817 | 2,739,291 | 516,880 | 1,033,294 | 1,189,117 | – |
| Trade payables | 3,035 | 3,035 | 3,035 | – | – | – |
| Unclaimed dividends | 754 | 754 | 754 | – | – | – |
| Deposits payable | 577,464 | 577,464 | 577,464 | – | – | – |
| Employee liabilities | 44 | 44 | 44 | – | – | – |
| Other payables | 14,430 | 14,430 | 14,430 | – | – | – |

**iii. Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and other prices such as equity price. These will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. Financial instruments affected by market risk include loans, borrowings and deposits. The Market risk the Company is exposed can be classified as Currency risk and Interest rate risk. The Company does not have any currency risk.

**Interest rate risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

**Exposure to interest rate risk**

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

| | **Nominal amount** | |
|---|---|---|
| | **As at March 31, 2018** | As at March 31, 2017 |
| **Variable-rate instruments** | | |
| Financial liabilities | **3,014,576** | 2,039,817 |
| | **3,014,576** | 2,039,817 |

**Cash flow sensitivity analysis for variable-rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant.

| | Impact on Profit/(loss) Increase/(Decrease) in Profit | |
|---|---|---|
| | **March 31, 2018** | March 31, 2017 |
| **Variable-rate instruments** | | |
| 100 bp increase | **(30,146)** | (20,398) |
| 100 bp decrease | **30,146** | 20,398 |

## 28. CAPITAL MANAGEMENT

The Company's capital management is intended to create value for stakeholders by facilitating the meeting of long-term and short-term goals of the Company.

The Company determines the amount of capital required on the basis of annual and long-term strategic plans. The Company's policy is aimed at combination of short-term and long-term borrowings.

The Company monitors the capital structure on the basis of 'adjusted net debt' to 'adjusted equity'. For this purpose adjusted net debt is defined as total liabilities comprising interest bearing loans and borrowings and obligations under finance lease, less cash and cash equivalents, Bank balance and current investments. Adjusted equity comprises Total equity.

The following table summarises the capital of the Company:

| | **As at March 31, 2018** | As at March 31, 2017 |
|---|---|---|
| Total liabilities | **3,014,576** | 2,039,817 |
| Less: Cash and cash equivalent and other bank balances | **1,786,122** | 699,524 |
| **Adjusted net debt** | **1,228,454** | 1,340,293 |
| Total equity | **9,427,836** | 8,443,753 |
| **Adjusted equity** | **9,427,836** | 8,443,753 |
| Adjusted net debt to adjusted equity ratio | **0.13** | 0.16 |

## 29. RELATED PARTY TRANSACTIONS

### (a) Parties where control exists

**Holding Company:**

Khorakiwala Holdings and Investments Private Limited

**Subsidiary Company:**

Banneret Trading Private Limited

**Individuals having direct or indirect control over the Company:**

H. F. Khorakiwala

**Entities having direct or indirect control over the Company:**

Habil Khorakiwala Trust (w.e.f March 30, 2017). Themisto Trustee Company Private Limited holds shares in the Holding Company in its capacity as the trustee of Habil Khorakiwala Trust.

**Enterprises over which Individuals having direct or indirect control over the Company, have significant influence/control:**

Palanpur Holdings and Investments Private Limited

Wockhardt Hospitals Limited

Merind Limited

Sharanya Chemicals and Pharmaceuticals Private Limited

Holmdene Constructions

Wockhardt Limited

**Key Managerial Personnel:**

G.B. Parulkar – Managing Director

Shahnawaz Khan – Director (Resigned on April 30, 2018)

Stephen D'Souza – Director

Vijaya Nair – Independent Director

Akhtar Shamsi – Independent Director

| | | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| **(b)** | **Transactions with related parties during the year** | | |
| | **Holding Company** | | |
| | Rent paid | **100** | 100 |
| | **Subsidiary Company** | | |
| | Loan given | **1** | 1 |
| | Interest income | **1** | 1 |
| | **Transactions with enterprises over which Individuals having direct or indirect control over the Company, having significant influence** | | |
| | (All the amounts mentioned below for the disclosure are the contractual amounts based on the arrangement with respective parties) | | |
| | Rent received from Wockhardt Limited | **699,568** | 619,413 |
| | Recovery of Electricity Charges from Wockhardt Limited | **17,834** | 15,847 |
| | Interest income from Holmdene Constructions | **1** | 1 |
| | Loan given to Holmdene Constructions | **1** | 1 |
| | Loss on conversion of Optionally Convertible Redeemable Debentures of Wockhardt Hospitals Limited | **281,008** | – |
| **(c)** | **Managerial remuneration payable/paid to Key managerial personnel** | **300** | 425 |
| **(d)** | **Director's sitting fees paid** | **31** | 11 |
| | [Akhtar Shamsi ₹ 7 thousand (Previous year – ₹ 3 thousand), Shahnawaz Khan ₹ 9 thousand (Previous year – ₹ 3 thousand), Stephen D'Souza ₹ 8 thousand (Previous year – ₹ 3 thousand), Vijaya Nair ₹ 7 thousand (Previous year – ₹ 2 thousand)] | | |
| **(e)** | **Related party balances outstanding** (All the amounts mentioned below for the disclosure are the contractual amounts based on the arrangement with respective parties. Where such amounts are different from carrying amounts as per requirements of Ind AS, their carrying amounts have been disclosed separately.) | | |
| | Payable to Holding Company | **10** | 200 |
| | Receivable from Subsidiary – Transaction Value | **7,362,838** | 7,362,837 |
| | [Carrying value: ₹ 5,563,827 thousand (Previous year – ₹ 4,967,703 thousand)] | | |
| | Security deposit payable to Wockhardt Limited | **555,000** | 555,000 |
| | Receivable from Enterprises where significant influence exists (Net of Provision) | **297,646** | 241,998 |
| | [Holmdene Constructions ₹ 467 thousand (Previous year – ₹ 466 thousand); Wockhardt Limited ₹ 297,179 thousand (Previous year – ₹ 241,532 thousand)] | | |
| | Payable to Enterprises where significant influence exists – Transaction value | **55,127** | 55,127 |
| | [Merind Limited ₹ 54,690 thousand (Previous year – ₹ 54,690 thousand); Wockhardt Hospitals Limited ₹ 437 thousand (Previous year – ₹ 437 thousand) | | |
| | Managerial remuneration and expense reimbursement payable to Key managerial personnel | **300** | 225 |
| | Director's sitting fees payable | **25** | – |
| | [Akhtar Shamsi ₹ 6 thousand (Previous year – ₹ Nil), Shahnawaz Khan ₹ 7 thousand (Previous year – ₹ Nil), Stephen D'Souza ₹ 7 thousand (Previous year – ₹ Nil), Vijaya Nair ₹ 5 thousand (Previous year – ₹ Nil)] | | |

## 30. SUBSEQUENT EVENTS

There are no significant subsequent events that would require adjustments or disclosures in the financial statements as on the balance sheet date.

## 31. SEGMENT INFORMATION

The Company is only into one segment 'Renting of Immovable property segment'.

**32. INFORMATION PERTAINING TO LOANS AND GUARANTEES GIVEN (UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013) –**

| Name of the Entity | Outstanding as at the beginning of the year | Given during the year | Repaid during the year | *Adjustments | Closing at the end of the year | Purpose |
|---|---|---|---|---|---|---|
| Banneret Trading Private Limited<br>(Previous year) | **7,362,837**<br>7,362,836 | **1**<br>1 | –<br>– | –<br>– | **7,362,838**<br>7,362,837 | General purpose |
| Sharanya Chemicals and Pharmaceuticals Private Limited*<br>(Previous year) | **16,064**<br>16,064 | –<br>– | –<br>– | **(16,064)**<br>(16,064) | –<br>– | General purpose |
| Holmdene Construction<br>(Previous year) | **466**<br>465 | **1**<br>1 | –<br>– | –<br>– | **467**<br>466 | General purpose |

* Loan given to Sharanya Chemicals and Pharmaceuticals Private Limited has been fully provided for in previous year.

**Note:** Refer Note 4 for the investments made by the Company. Further all the amounts mentioned above are the contractual amounts based on the arrangements with the respective parties.

**33. CONTINGENT LIABILITY AND COMMITMENTS**

(a) Demands for ₹ 410 thousand (Previous year – ₹ 410 thousand) have been raised by Sales Tax Authorities. The Company has filed appeals against the said demands.

(b) Demand by Income tax authorities ₹ 185,276 thousand (Previous year – ₹ 80,348 thousand) disputed by the Company.

(c) Claims against the Company not acknowledged as debt pertaining to interest ₹ 2,527 thousand (Previous year – ₹ Nil).

**34. Reconciliation of the opening and closing balances of liabilities arising from Financing activities:**

| Particulars | Balance as on March 31, 2018 | Balance as on April 01, 2017 | Non cash changes | Cash flows - inflow/(Outflow) |
|---|---|---|---|---|
| | | | Ind AS adjustments | |
| Borrowings (Net) | **3,014,576** | 2,039,817 | 15,345 | 959,414 |

**35.** In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115 'Revenue from Contracts with Customers' (New Revenue Standard), which replaces Ind AS 11 'Construction Contracts' and Ind AS 18 'Revenue'. The New Revenue Standard establishes principles for recognising revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. The New Revenue Standard provides additional guidance on areas such as multiple-element arrangements, measurement approaches for variable consideration along with significant additional disclosures in relation to revenue. The New Revenue Standard also provides two broad alternative transition options – Retrospective Method and Cumulative Effect Method – with certain practical expedients available under the Retrospective Method. The new Standard is not expected to have a material impact on the amount or timing of recognition of revenue in its financial statements

The amendments will come into force from April 01, 2018.

**36.** Previous year figures have been regrouped where necessary to conform to current year classification.

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

**Dr. G. B. Parulkar**
*Chairman and Managing Director*
DIN: 00015668

**Neeraj Jain**
*Director*
DIN: 08118877

**Stephen D'Souza**
*Director*
DIN: 00045812

**Nikhil Malpani**
*Company Secretary*

**Ravi Shekhar Mitra**
*Chief Financial Officer*

Place : Mumbai
Date : August 21, 2018

# INDEPENDENT AUDITOR'S REPORT

**To the Members of CAROL INFO SERVICES LIMITED**

**1. Report on the Consolidated Ind AS Financial Statements**

We have audited the accompanying Consolidated Ind AS Financial Statements of Carol Info Services Limited ("the Company"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Ind AS Financial Statements").

**2. Management's Responsibility for the Consolidated Ind AS Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of requirements of 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 Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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.

**3. Auditor's Responsibility**

Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit.

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

We conducted our audit of the Consolidated Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Ind AS Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 Consolidated Ind AS Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors, in terms of their report, referred to in the paragraph on "Other Matters" stated below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

**4. Opinion**

In our opinion and to the best of our information and according to the explanations given to us, and placing reliance on audit reports on the separate financial statements of the subsidiary, the aforesaid Consolidated 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 consolidated state of affairs of the Group as at March 31, 2018, and its consolidated profit, its consolidated cash flows and consolidated changes in equity for the year ended on that date.

**5. Other Matters**

We did not audit the financial statement of the subsidiary of the Company, Banneret Trading Private Limited whose financial statement reflects assets of ₹ 3,236,865 thousands and revenue of ₹ 275,985 thousands and net cash outflows amounting to ₹ 69 thousands. The financial statement of this subsidiary have been audited by other auditor, whose report has been furnished to us, and our opinion, in so far as it relates to amounts included in respect of such subsidiary, is based solely on the report of such other auditor.

**6. Report on Other Legal and Regulatory Requirements**

(i) As required by sub-section (3) of Section 143 of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements;

(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 Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015;

(e) On the basis of assertions made in the audit report of separate financial statement of the subsidiary company, and on the basis of written representations received from the directors of the Holding Company as on March 31, 2018 and taken on records by Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director of the respective company in terms Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A" to this report;

(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 Group has disclosed the impact of pending litigations on its financial position in its Consolidated Ind AS Financial Statements – Refer Note 33 to the Consolidated Ind AS Financial Statements;

  (ii) The Group has made provision, as required under the applicable law or Indian Accounting Standards, for material forseeable losses, if any, on long term contracts including derivative contracts;

  (iii) During the year there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Group; and

**For M. P. Chitale & Co**
Chartered Accountants
Firm Regn No. 101851W

**Ashutosh Pednekar**
Partner
ICAI M. No. 41037

Place : Mumbai
Date : August 21, 2018

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF CAROL INFO SERVICES LIMITED

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

In conjunction with our audit of the Consolidated Ind AS Financial Statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of **Carol Info Services Limited** (hereinafter referred to as "the Holding Company") and its subsidiary company, **Banneret Trading Private Limited**, as of that date.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these internal financial controls over financial reporting based on our audit. We have placed reliance on the audit reports issued by the auditor of the subsidiary company, referred to, in the paragraph on 'Other Matters' stated below and on the basis of such reliance, we have conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their report referred to in the paragraph on 'Other Matters' below, is sufficient and appropriate to provide a basis for our audit opinion on the Groups internal financial control system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, and placing reliance on the audit report on the "Internal Financial Control over Financial Reporting" issued by the auditors of the subsidiary Company, which are companies incorporated in India, the Group in all material respects, have an adequate internal financial controls 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 respective Companies in the Group 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.

**Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the subsidiary company is based on the corresponding report of the auditors of such Company incorporated in India.

**For M. P. Chitale & Co**
Chartered Accountants
Firm Regn No. 101851W

**Ashutosh Pednekar**
Partner
ICAI M. No. 41037

Place : Mumbai
Date : August 21, 2018

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

(All amounts in Thousand of Indian Rupees unless otherwise stated)

| | Notes | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, Plant and Equipment | 2 | **162,101** | 168,710 |
| Capital work-in-progress | 2 | – | – |
| Intangible assets | 3 | **57** | 57 |
| Investment Property | 3 | **674,960** | 690,430 |
| Financial Assets | | | |
| Other Investments | 4 | **7,221,671** | 6,609,680 |
| Loans | 5 | **467** | 466 |
| Others | 6 | **131,900** | 17,787 |
| Non-current tax assets (net) | | **452,567** | 428,814 |
| Other non-current assets | 7 | **5,193** | 5,027 |
| | | **8,648,916** | 7,920,971 |
| **CURRENT ASSETS** | | | |
| Financial Assets | | | |
| Trade receivables | 8 | **268,067** | 238,029 |
| Cash and cash equivalents | 8a | **809,755** | 36,977 |
| Bank balances (other than above) | 8b | **976,426** | 662,674 |
| Others | 9 | **10,317** | 2,255 |
| Other current assets | 10 | **6,853** | 19,788 |
| | | **2,071,418** | 959,723 |
| **TOTAL** | | **10,720,334** | 8,880,694 |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Equity share capital | 11 | **354,365** | 354,365 |
| Other equity | | **6,019,806** | 5,177,879 |
| | | **6,374,171** | 5,532,244 |
| **NON-CURRENT LIABILITIES** | | | |
| Financial Liabilities | | | |
| Borrowings | 12 | **2,867,648** | 1,787,155 |
| Deferred tax liabilities (net) | 24 | **382,063** | 322,000 |
| Provisions | 13 | **63** | – |
| | | **3,249,774** | 2,109,155 |
| **CURRENT LIABILITIES** | | | |
| Financial Liabilities | | | |
| Trade payables | 14 | **3,439** | 3,035 |
| Other financial liabilities | 15 | **782,490** | 884,955 |
| Other current liabilities | 16 | **11,914** | 1,267 |
| Liabilities for current tax (net) | | **298,543** | 349,954 |
| Provisions | 17 | **3** | 84 |
| | | **1,096,389** | 1,239,295 |
| **TOTAL** | | **10,720,334** | 8,880,694 |
| Significant accounting policies | 1(C) | | |

The accompanying notes form an integral part of these Financial Statements

As per our attached report of even date

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

**For M. P. Chitale & Co.**
Chartered Accountants

**Dr. G. B. Parulkar**
*Chairman and Managing Director*
DIN: 00015668

**Neeraj Jain**
*Director*
DIN: 08118877

**Stephen D'Souza**
*Director*
DIN: 00045812

**Ashutosh Pednekar**
Partner

**Nikhil Malpani**
*Company Secretary*

**Ravi Shekhar Mitra**
*Chief Financial Officer*

Place : Mumbai
Date : August 21, 2018

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

(All amounts in Thousand of Indian Rupees unless otherwise stated)

| | Notes | **For the year ended March 31, 2018** | For the year ended March 31, 2017 |
|---|---|---|---|
| **REVENUE** | | | |
| Revenue from operations | 18 | **670,101** | 655,321 |
| Other income | 19 | **553,703** | 562,591 |
| **TOTAL** | | **1,223,804** | 1,217,912 |
| **EXPENSES** | | | |
| Employee Benefits Expenses | 20 | **825** | 915 |
| Finance costs | 21 | **265,064** | 269,223 |
| Depreciation, Amortisation and Impairment Expense | 2,3 | **22,277** | 23,863 |
| Other Expenses | 22 | **325,535** | 53,631 |
| **TOTAL** | | **613,701** | 347,632 |
| **PROFIT BEFORE TAX** | | **610,103** | 870,280 |
| Tax expense: | 24 | | |
| Current tax – MAT payable | | **(116,189)** | (148,321) |
| – Tax balances written off (net) | | **(960)** | – |
| Deferred tax credit/(charge) | | **36,058** | (47,192) |
| **PROFIT AFTER TAX BEFORE OTHER COMPREHENSIVE INCOME** | | **529,012** | 674,767 |
| **Other Comprehensive Income** | | | |
| Items that will not be reclassified to profit or loss – (charge)/credit | | | |
| – Re-measurement of net defined benefit (liability)/asset | | **(1)** | – |
| Tax on the above | | – | – |
| – Fair value gain/(loss) on equity instruments | | **409,036** | – |
| Tax on the above | | **(96,120)** | – |
| | | **312,915** | – |
| **TOTAL COMPREHENSIVE INCOME** | | **841,927** | 674,767 |
| Earnings per equity share of face value of ₹ 10 each | | | |
| Basic and diluted earnings per share in ₹ | 23 | **14.93** | 19.04 |
| Significant accounting policies | 1(C) | | |
| The accompanying notes form an integral part of these Financial Statements | | | |

As per our attached report of even date

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

**For M. P. Chitale & Co.**
Chartered Accountants

**Ashutosh Pednekar**
Partner

**Dr. G. B. Parulkar**
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*Company Secretary*

**Ravi Shekhar Mitra**
*Chief Financial Officer*

Place : Mumbai
Date : August 21, 2018

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in Thousand of Indian Rupees unless otherwise stated)

**Equity Share Capital**

| | As at April 01, 2016 | Changes in equity share capital during the year | As at March 31, 2017 | Changes in equity share capital during the year | As at March 31, 2018 |
|---|---|---|---|---|---|
| | 354,365 | – | 354,365 | – | **354,365** |

**Other Equity**

| | Reserves and Surplus | | | | | | Other Comprehensive Income | | |
|---|---|---|---|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium Account | Capital Redemption Reserve | Deemed distribution | General reserve | Surplus (Profit and loss balance) - Refer note 1 below | Re-measurement of net defined benefit (liability)/ asset | Net gain/ (loss) on Fair value of equity instruments | Total Equity |
| **Balance at April 01, 2016** | **158,622** | **2,716,000** | **297,500** | **(5,068,670)** | **1,216,889** | **4,897,537** | **–** | **285,234** | **4,503,112** |
| Profit for the year | – | – | – | – | – | 674,767 | – | – | 674,767 |
| **Balance at March 31, 2017** | **158,622** | **2,716,000** | **297,500** | **(5,068,670)** | **1,216,889** | **5,572,304** | **–** | **285,234** | **5,177,879** |
| Profit for the year | – | – | – | – | – | 529,012 | – | – | 529,012 |
| Other comprehensive income for the year | – | – | – | – | – | – | (1) | 312,916 | 312,915 |
| **Balance at March 31, 2018** | **158,622** | **2,716,000** | **297,500** | **(5,068,670)** | **1,216,889** | **6,101,316** | **(1)** | **598,150** | **6,019,806** |

**Notes:**

**1)** Surplus (Profit and loss balance) as on March 31, 2018 and March 31, 2017 includes ₹ 13,757 thousand being the difference between interest free loan taken from an entity over which Individuals having direct or indirect control over the Company, have significant influence/ control, and the fair value at inception with reference to the market rate.

**2) Nature and purpose of reserves:**

**Capital reserve**

Under Ind AS, preference shares have been measured at fair value at inception with reference to market rates and the difference to the extent pertaining to the promoter group have been recognised as capital reserve.

**Securities premium**

Securities premium is used to record the premium received on issue of shares. It shall be utilised in accordance with the provisions of the Companies Act, 2013.

**Capital Redemption Reserve**

Capital redemption Reserve was created during redemption of preference shares out of the profits of the Company in accordance with the requirements of relevant statute.

**Deemed distribution**

Under Ind AS, investment in preference shares of related entities have been measured at fair value at inception with reference to market rates and the difference to the extent of the carrying amount and fair values have been recognised as capital contribution.

**General Reserve**

General reserve forms part of the retained earnings and is permitted to be distributed to shareholders as part of dividend.

As per our attached report of even date

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

**For M. P. Chitale & Co.**
Chartered Accountants

**Ashutosh Pednekar**
Partner

**Dr. G. B. Parulkar**
*Chairman and Managing Director*
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DIN: 00045812

**Nikhil Malpani**
*Company Secretary*

**Ravi Shekhar Mitra**
*Chief Financial Officer*

Place : Mumbai
Date : August 21, 2018

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in Thousand of Indian Rupees unless otherwise stated)

| | **For the year ended March 31, 2018** | For the year ended March 31, 2017 |
|---|---|---|
| **CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES:** | | |
| **Profit before tax** | **610,103** | 870,280 |
| **Adjustments for** | | |
| Depreciation amortisation and impairment expense | **22,277** | 23,863 |
| Liabilities no more payable | **(1,105)** | (996) |
| Advances no more recoverable | **190** | – |
| Provision for doubtful debts | **187** | – |
| Finance costs | **265,064** | 269,223 |
| Interest Income | **(339,658)** | (298,324) |
| Fair value of debentures | **(212,940)** | (263,261) |
| Loss on Conversion of Optionally Convertible Redeemable Debentures | **281,008** | – |
| Provision for diminution in value of investment | **–** | 1,903 |
| **Operating profit before Working Capital changes** | **625,126** | 602,688 |
| Movement in working capital: | | |
| (Increase)/Decrease in Trade Receivables | **(30,225)** | (23,629) |
| (Increase)/Decrease in Loans and Advances and Other assets | **13,260** | (4,287) |
| Increase/(Decrease) in Liabilities and Provisions | **8,056** | 2,955 |
| **Cash Generated from Operations** | **616,217** | 577,727 |
| Income taxes paid | **(188,072)** | (93,895) |
| **Net cash from Operating Activities (A)** | **428,145** | 483,832 |
| **CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:** | | |
| Purchase of Fixed Assets and Additions to Capital work-in-progress | **(123)** | (1,114) |
| Repayment by/(Loans to) companies/firms | **–** | (1) |
| Margin money and Fixed deposits with maturity of more than 3 months | **(428,619)** | (173,297) |
| Interest received | **55,610** | 46,234 |
| **Net cash used in Investing Activities (B)** | **(373,132)** | (128,178) |
| **CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:** | | |
| Proceeds from borrowings | **3,000,000** | – |
| Repayment of borrowings | **(2,040,586)** | (180,403) |
| Finance costs paid | **(240,895)** | (251,394) |
| Dividend pertaining to earlier years paid | **(754)** | (712) |
| **Net cash from/(used in) Financing Activities (C)** | **717,765** | (432,509) |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | **772,778** | (76,855) |
| **CASH AND CASH EQUIVALENTS, at beginning of year** | **36,977** | 113,832 |
| **CASH AND CASH EQUIVALENTS, at end of year** | **809,755** | 36,977 |
| **Component of Cash and Cash equivalents, at end of year** | | |
| Balance with banks: | | |
| In current account | **59,702** | 36,924 |
| Deposit with maturity period less than 3 months | **750,000** | – |
| Cash in hand | **53** | 53 |
| **Total** | **809,755** | 36,977 |

**Notes:**

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (Ind AS) 7 – "Cash Flow Statements".
2. All figures in bracket are outflow.
3. Income taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.

As per our attached report of even date

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

**For M. P. Chitale & Co.**
Chartered Accountants

**Ashutosh Pednekar**
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DIN: 00045812

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*Company Secretary*

**Ravi Shekhar Mitra**
*Chief Financial Officer*

Place : Mumbai
Date : August 21, 2018

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in Thousand of Indian Rupees unless otherwise stated)

### 1A. BACKGROUND

Carol Info Services Limited ('CISL' or 'the Company') is a subsidiary of Khorakiwala Holdings and Investments Private Limited. The Company is engaged in renting of immovable property activity.

During the year 2012-13, the Company acquired all the shares of Banneret Trading Private Limited ('the subsidiary').

### 1B. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

**I. Statement of compliance**

The Financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the Section 133 of the Companies Act, 2013 ("the 2013 Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

**II. Basis of preparation**

The Financial Statements have been prepared on accrual basis under the historical cost convention except that certain financial assets and liabilities that are measured at fair value in the statement of financial position.

The consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiary 'Banneret Trading Private Limited' (together constituting 'the Group'). The financial statement of the Subsidiary have been drawn upto the same reporting date as of the Company.

**III. Principles of consolidation**

Subsidiaries are all that are controlled by the Company. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Company.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements. Unrealized gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

**IV. Use of Estimates and Judgements**

The preparation of the financial statements in conformity with Ind AS requires the management to make judgements and estimates about the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the judgements and estimates used in preparation of the Financial Statements are prudent and reasonable.

The 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 periods.

<u>Critical judgements in applying accounting policies:</u>

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

*(i) Leasehold land and building:*

The Company has entered into several arrangements for lease of land/building from Government entities and other parties. Significant judgement is involved in assessing whether such arrangements are in the nature of finance or operating lease. In making such an assessment, the Company considers various factors which includes whether the present value of minimum lease payments amounts to at least substantially all of the fair value of lease assets, renewal terms, purchase option, sub-lease options etc. Based on evaluation of above factors, leases are evaluated on case to case basis for the purpose of classification as finance or operating lease.

<u>Key sources of estimation uncertainty:</u>

*(i) Impairment of trade receivables:*

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

*(ii) Legal and other disputes:*

The Company provides for anticipated settlement costs where an outflow of resources is considered probable and a reliable estimate may be made of the likely outcome of the dispute and legal and other expenses arising from claims against the Company. These estimates take into account the specific circumstances of each dispute and relevant external advice are inherently judgemental and could change substantially over time as new facts emerge and each dispute progresses.

## IC. SIGNIFICANT ACCOUNTING POLICIES:

### (a) Property, Plant and Equipment and Depreciation

*I. Recognition and Measurement:*

Items of Property, Plant and Equipment are measured at cost less accumulated depreciation and impairment losses, if any. The cost of an item of Property, Plant and Equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in Statement of Profit and Loss. If significant parts of an item of Property, Plant and Equipment have different useful lives, then they are accounted for as separate items (major components) of Property, Plant and Equipment.

*II. Subsequent expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Any gain or loss on disposal of an item of Property, Plant and Equipment is recognised in the Statement of Profit and Loss.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

*III. Depreciation*

Depreciation is provided, using the straight line method, pro rata to the period of use of assets, in accordance with the requirements of Schedule II of the Companies Act, 2013, based on the useful lives of the assets determined through technical assessment by the management. The estimated useful lives followed by the Company are as follows:

| Assets | Estimated useful life |
|---|---|
| Leasehold land | over the period of lease |
| Buildings | 30-60 years |
| Plant and Machinery | 10-20 years |
| Furniture and Fixtures | 10 years |
| Office Equipments | 4-5 years |
| Information Technology Equipments | 3 years |
| Vehicles | 5 years |

Components having useful lives different from the life of parent assets as stated above are depreciated over the useful life of the components. Fixed assets whose aggregate cost is ₹ 5,000 or less are depreciated fully in the year of acquisition.

### (b) Impairment of assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss.

The recoverable amount is the greater of the fair value less cost of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. 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.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

**(c) Foreign currency transactions/translations:**

i) Transactions in foreign currencies are translated to the reporting currency at exchange rates at the dates of the transactions.

ii) Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the reporting currency at the exchange rate at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

iii) Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in the Statement of Profit and Loss in the period in which they arise.

**(d) Financial Instruments**

I. Financial assets

(i) Classification of financial assets

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

*Debt instruments at amortised cost:*

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

*Debt instruments at fair value through other comprehensive income (FVOCI):*

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the EIR method. The Company does not have any instruments classified as fair value through other comprehensive income (FVOCI).

*Debt instruments measured at fair value through profit and loss (FVTPL):*

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

*Equity investments:*

Investment in subsidiaries, associates and joint ventures are measured at cost.

All other equity investments which are 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 decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

The Company does not have any equity investments classified as FVTPL.

(ii) Initial recognition and measurement

All financial assets are recognised initially at fair value and for those instruments that are not subsequently measured at FVTPL, plus/minus transaction costs that are attributable to the acquisition of the financial assets.

Trade receivables are carried at original invoice price and do not contain any significant financing component. 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.

(iii) Derecognition of financial assets

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

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

– The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates whether it has transferred substantially all the risks and rewards of ownership. In such cases, the financial asset is derecognised. 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.

(iv) Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, historical observed default rates are updated and changes in the forward-looking estimates are analysed.

II. Financial Liabilities and equity instruments:

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(i) 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. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(ii) Financial liabilities: - Classification:

Financial liabilities are classified as either 'at FVTPL' or 'other financial liabilities'. FVTPL liabilities consist of derivative financial instruments, wherein the gains/losses arising from remeasurement of these instruments is recognised in the Statement of Profit and Loss. Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

(iii) Initial recognition and measurement:

All financial liabilities are recognised initially at fair value and for those instruments that are not subsequently measured at FVTPL, plus/minus transaction costs that are attributable to issue of these instruments.

(iv) 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 and Loss.

III. Fair value:

The Company determines the fair value of its financial instruments on the basis of the following hierarchy:

(a) Level 1: The fair value of financial instruments quoted in active markets is based on their quoted closing price at the balance sheet date.

(b) Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions.

(c) Level 3: The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs).

**(e) Income tax**

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates items recognised directly in equity or in OCI.

*Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured at the amount expected to be recovered from or paid to the taxation authorities. using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends if any.

Current tax assets and liabilities are offset only if, the Company:

a) has a legally enforceable right to set off the recognised amounts; and

b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

*Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

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

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

Deferred tax assets and liabilities are offset only if:

a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

**(f) Inventories**

Inventories of stores and spare parts are valued at cost.

**(g) Employee benefits**

*Short term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

*Defined benefit plans*

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense/(income) on the net defined liability/(assets) is computed by applying the discount rate, used to measure the net defined liability/(asset). Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Other long-term employee benefits*

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurement are recognised in Statement of Profit and Loss in the period in which they arise.

**(h) Revenue recognition**

The Company recognises revenues on dispatch of goods to customers. Revenues are recorded at invoice value net of sales tax, excise, returns and trade discounts.

Revenue from services are recognised on completion of such services.

Rental Income is recognised on time proportionate basis over the period of the agreement.

**(i) Leases**

*Determination of lease arrangement*

An arrangement, which is not in the legal form of a lease, is accounted for as a lease, if:

a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and

b) the arrangement conveys a right to use the asset.

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If it is impracticable to separate the payments reliably, then a finance lease receivable is recognised at an amount equal to the fair value of the underlying asset; subsequently, the receivable is reduced as payments are made and a finance income is recognised using the interest rate implicit in the lease.

*Finance Lease*

Agreements are classified as finance leases, if substantially all the risks and rewards incidental to ownership of the leased asset is transferred to the lessee.

Assets given under finance leases are recognised as a receivable at an amount equal to the net investment in the lease. Finance income is allocated over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the net investment in the finance lease.

Minimum lease payments, for assets taken under finance lease, are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

*Operating Lease*

Agreements which are not classified as finance leases are considered as operating lease.

Payments made under operating leases are recognised in Statement of Profit and Loss on a straight line basis, unless the escalation clauses are in line with the expected inflation at the inception of the respective lease.

**(j) Financing/Borrowing cost**

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds and is measured with reference to the effective interest rate applicable to the respective borrowing. Borrowing costs include interest costs measured at EIR and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, allocated to qualifying assets, pertaining to the period from commencement of activities relating to construction/ development of the qualifying asset up to the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

All other borrowing costs are recognised as an expense in the period which they are incurred.

**(k) Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed in the Notes. Contingent liabilities are disclosed for (1) possible obligations which will be confirmed only by future events not wholly within the control of the Company or (2) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised in the financial statements as this may result in the recognition of income that may never be realised. Contingent assets (if any) are disclosed in the notes to the financial statements.

**(l) Earnings per share**

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for the events for bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares.

**(m) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

**(n) Operating cycle**

All assets and liabilities have been classified as current or non-current as per each Company's normal operating cycle and other criteria set out in the Schedule III to the Act.

## 2. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

A) The changes in the carrying amount of fixed assets for the year ended March 31, 2018 is as follows:

| PARTICULARS | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION AND IMPAIRMENT | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1.4.2017 | Additions | Deductions/ Other Adjustments | **As at 31.3.2018** | As at 1.4.2017 | For the year | Deductions/ Other Adjustments | **As at 31.3.2018** | **As at 31.3.2018** |
| **Tangible Assets** | | | | | | | | | |
| Freehold Land | 274 | – | – | **274** | – | – | – | – | **274** |
| Leasehold Land | 154,999 | – | – | **154,999** | 5,276 | 2,634 | – | **7,910** | **147,089** |
| Plant and Equipment | 22,653 | 198 | – | **22,851** | 7,074 | 3,148 | – | **10,222** | **12,629** |
| Furniture and Fixtures | 6,772 | – | – | **6,772** | 4,648 | 172 | – | **4,820** | **1,952** |
| Vehicles | 111 | – | – | **111** | 111 | – | – | **111** | – |
| Office Equipments | 2,646 | – | – | **2,646** | 1,638 | 853 | – | **2,491** | **155** |
| Information Technology Equipments | 30 | – | – | **30** | 28 | – | – | **28** | **2** |
| **TOTAL** | **187,485** | **198** | – | **187,683** | **18,775** | **6,807** | – | **25,582** | **162,101** |
| **Capital Work-In-Progress** | 5,511 | – | – | **5,511** | 5,511 | – | – | **5,511** | – |
| **TOTAL** | **192,996** | **198** | – | **193,194** | **24,286** | **6,807** | – | **31,093** | **162,101** |

B) The changes in the carrying amount of fixed assets for the year ended March 31, 2017 is as follows:

| PARTICULARS | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION AND IMPAIRMENT | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1.4.2016 | Additions | Deductions/ Other Adjustments | **As at 31.3.2017** | As at 1.4.2016 | For the year | Deductions/ Other Adjustments | **As at 31.3.2017** | **As at 31.3.2017** |
| **Tangible Assets** | | | | | | | | | |
| Freehold Land | 274 | – | – | **274** | – | – | – | – | **274** |
| Leasehold Land | 154,999 | – | – | **154,999** | 2,642 | 2,634 | – | **5,276** | **149,723** |
| Plant and Equipment | 21,687 | 966 | – | **22,653** | 3,648 | 3,426 | – | **7,074** | **15,579** |
| Furniture and Fixtures | 6,772 | – | – | **6,772** | 3,995 | 653 | – | **4,648** | **2,124** |
| Vehicles | 111 | – | – | **111** | 111 | – | – | **111** | – |
| Office Equipments | 2,577 | 69 | – | **2,646** | 730 | 908 | – | **1,638** | **1,008** |
| Information Technology Equipments | 30 | – | – | **30** | 28 | – | | **28** | **2** |
| **TOTAL** | **186,450** | **1,035** | – | **187,485** | **11,154** | **7,621** | – | **18,775** | **168,710** |
| **Capital Work-In-Progress** | 5,511 | – | – | **5,511** | 5,511 | – | – | **5,511** | – |
| **TOTAL** | **191,961** | **1,035** | – | **192,996** | **16,665** | **7,621** | – | **24,286** | **168,710** |

**Notes:**

(a) Of the above, assets on which charge has been created (Refer note 12) amounts to ₹ 147,026 thousand (Previous Year – ₹ 149,652 thousand)

(b) Out of the above assets, the following are the details of assets given on lease:

| Assets given on lease | **As at March 31, 2018** | | | As at March 31, 2017 | | |
|---|---|---|---|---|---|---|
| | **Gross Block** | **Accumulated Depreciation** | **Net Block** | Gross Block | Accumulated Depreciation | Net Block |
| Furniture and fixtures | **5,758** | **4,447** | **1,311** | 5,758 | 3,746 | 2,012 |
| Office equipments | **2,604** | **2,504** | **100** | 2,604 | 1,836 | 768 |
| Plant and equipment | **21,735** | **10,045** | **11,690** | 21,537 | 6,671 | 14,866 |
| Vehicles* | – | – | – | – | – | – |
| **TOTAL** | **30,097** | **16,996** | **13,101** | 29,899 | 12,253 | 17,646 |

* Gross value ₹ 985 thousand (Previous Year – ₹ 985 thousand) and fully depreciated.

### 3. INTANGIBLE ASSETS

A) The changes in the carrying amount of Intangible assets for the year ended March 31, 2018 is as follows:

| PARTICULARS | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION AND IMPAIRMENT | | | | NET CARRYING AMOUNT |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1.4.2017 | Additions | Deductions/ Other Adjustments | **As at 31.3.2018** | As at 1.4.2017 | For the year | Deductions/ Other Adjustments | **As at 31.3.2018** | **As at 31.3.2018** |
| Goodwill on consolidation | 57 | – | – | **57** | – | – | – | – | **57** |
| **TOTAL** | **57** | **–** | **–** | **57** | **–** | **–** | **–** | **–** | **57** |

B) The changes in the carrying amount of Intangible assets for the year ended March 31, 2017 is as follows:

| PARTICULARS | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION AND IMPAIRMENT | | | | NET CARRYING AMOUNT |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1.4.2016 | Additions | Deductions/ Other Adjustments | **As at 31.3.2017** | As at 1.4.2016 | For the year | Deductions/ Other Adjustments | **As at 31.3.2017** | **As at 31.3.2017** |
| Goodwill on consolidation | 57 | – | – | **57** | – | – | – | – | **57** |
| **TOTAL** | **57** | **–** | **–** | **57** | **–** | **–** | **–** | **–** | **57** |

**Note:** Goodwill on consolidation is attributed to the subsidiary of the Company 'Banneret Trading Private Limited'.

### 3. INVESTMENT PROPERTY

| PARTICULARS | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET CARRYING AMOUNT |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1.4.2017 | Additions | Deductions/ Other Adjustments | **As at 31.3.2018** | As at 1.4.2017 | For the year | Deductions/ Other Adjustments | **As at 31.3.2018** | **As at 31.3.2018** |
| Buildings | 722,959 | – | – | **722,959** | 32,529 | 15,470 | – | **47,999** | **674,960** |
| **TOTAL** | **722,959** | **–** | **–** | **722,959** | **32,529** | **15,470** | **–** | **47,999** | **674,960** |

| PARTICULARS | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET CARRYING AMOUNT |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1.4.2016 | Additions | Deductions/ Other Adjustments | **As at 31.3.2017** | As at 1.4.2016 | For the year | Deductions/ Other Adjustments | **As at 31.3.2017** | **As at 31.3.2017** |
| Buildings | 722,959 | – | – | **722,959** | 16,287 | 16,242 | – | **32,529** | **690,430** |
| **TOTAL** | **722,959** | **–** | **–** | **722,959** | **16,287** | **16,242** | **–** | **32,529** | **690,430** |

**Note:** Of the above, assets on which charge has been created (Refer note 12) amounts to ₹ 584,722 thousand (Previous Year – ₹ 597,509 thousand).

The Group's investment properties consists of office buildings rented out to third parties.

**Information regarding Income and Expenditure of Investment Property**

| **Particulars** | **2017-18** | 2016-17 |
|---|---|---|
| Rental Income derived from Investment Properties | **670,101** | 655,321 |
| Less: Depreciation | **15,470** | 16,242 |
| Less: Other expenses | **34,408** | 40,984 |
| **Profit arising from Investment Properties before indirect expenses** | **620,223** | 598,095 |

The fair value of the investment property as on March 31, 2018 is ₹ 4,723,874 thousand (Previous Year - ₹ 4,682,303 thousand). These fair values of the investment property are categorised as level 2 in the fair valuation hierarchy and has been determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **4. NON-CURRENT INVESTMENTS** | | |
| **A. Other Investments – Investment in equity instruments – Fair value through Other Comprehensive Income (OCI)** | | |
| 11,579,338 (Previous Year – 6,750,000) Equity shares of ₹ 10 each fully paid-up in Wockhardt Hospitals Limited | **1,423,516** | 420,781 |
| 780,000 (Previous Year – 780,000) Equity shares of ₹ 10 each fully paid-up in Al Barr Finance House Limited | **17,583** | 17,583 |
| Less: Impairment provision | **(17,583)** | (17,583) |
| | **–** | – |
| | **1,423,516** | 420,781 |
| **B. Other Investments** | | |
| **Investment in Optionally Convertible Redeemable Debentures – Fair value through Profit and Loss** | | |
| 1,835 (Previous Year – 2,500) 0% Optionally Convertible Redeemable Debentures of ₹ 1,000,000 each fully paid-up of the following series in Wockhardt Hospitals Limited: | **2,561,349** | 3,223,116 |
| – 740 (Previous Year – 1,405) Series A Debentures | | |
| – 530 (Previous Year – 530) Series B Debentures | | |
| – 565 (Previous Year – 565) Series C Debentures | | |
| **Investment in Non-Convertible Redeemable Bonds – Fair value through Profit and Loss** | | |
| 9,000,000 (Previous Year – 9,000,000) Zero coupon Non-Convertible Redeemable Bonds of Khorakiwala Holdings and Investments Private Limited of Rs. 100 each | **1,122,989** | 1,044,129 |
| | **3,684,338** | 4,267,245 |
| **C. Other Investments – Investment in Non-Convertible Cumulative Redeemable Preference shares – Amortised cost** | | |
| 369,942,639 (Previous Year – 369,942,639) 3% Non-Convertible Cumulative Redeemable Preference Shares of Dartmour Holdings Private Limited of ₹ 10 each fully paid up | **1,175,871** | 1,068,974 |
| 29,508,863 (Previous Year – 29,508,863) 3% Non-Convertible Cumulative Redeemable Preference Shares of Palanpur Holdings and Investments Private Limited of ₹ 100 each fully paid up | **937,946** | 852,680 |
| | **2,113,817** | 1,921,654 |
| **Total** | **7,221,671** | 6,609,680 |
| **Aggregate book value of unquoted investments** | **7,221,671** | 6,609,680 |
| **5. NON-CURRENT FINANCIAL ASSETS – LOANS** | | |
| **Loans to related parties (Refer note 29)** | | |
| Unsecured, considered good | **467** | 466 |
| Unsecured, considered doubtful | **16,064** | 16,064 |
| Less: Loss allowance | **(16,064)** | (16,064) |
| | **–** | – |
| **Total** | **467** | 466 |
| **6. OTHER NON-CURRENT FINANCIAL ASSETS** | | |
| Deposits with maturity more than 12 months | **131,900** | 17,787 |
| **Total** | **131,900** | 17,787 |

| | | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| **7.** | **OTHER NON-CURRENT ASSETS** | | |
| | Capital advances | – | 74 |
| | Security Deposits | **5,193** | 4,953 |
| | **Total** | **5,193** | 5,027 |
| **8.** | **TRADE RECEIVABLES (Refer note 29 for related party balances)** | | |
| | Unsecured, considered good | **268,067** | 238,029 |
| | Unsecured, considered doubtful | **259** | 72 |
| | Less: Provision for doubtful debts | **(259)** | (72) |
| | | – | – |
| | **Total** | **268,067** | 238,029 |

**Note:**

Trade receivables pledged as collateral as referred to in Note 12 ₹ 267,198 thousand (Previous Year – ₹ 207,689 thousand)

| | | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| **8a.** | **CASH AND CASH EQUIVALENTS** | | |
| | a) Balance with banks : | | |
| | In current account | **59,702** | 36,924 |
| | Deposit with maturity period less than 3 months | **750,000** | – |
| | b) Cash in hand | **53** | 53 |
| | **Total** | **809,755** | 36,977 |
| **8b.** | **OTHER BANK BALANCES** | | |
| | Unpaid dividend accounts | – | 754 |
| | Deposits with original maturity more than 3 months but less than 12 months | **405,748** | 134,105 |
| | Deposits with maturity more than 12 months (includes deposit under lien ₹ 95,100 thousand (Previous Year – ₹ 126,884 thousand) | **331,169** | 429,795 |
| | Deposits with maturity equal to 12 months | **239,509** | 98,020 |
| | **Total** | **976,426** | 662,674 |
| **9.** | **OTHER CURRENT FINANCIAL ASSETS** | | |
| | Interest Accrued | **10,317** | 2,255 |
| | **Total** | **10,317** | 2,255 |
| **10.** | **OTHER CURRENT ASSETS** | | |
| | Balance with customs, excise and sales tax authorities | – | 11,673 |
| | Other Advances | | |
| | Unsecured, considered good | **6,853** | 8,115 |
| | Unsecured, considered doubtful | **190** | – |
| | Less: provision for doubtful advances | **(190)** | – |
| | | – | – |
| | **Total** | **6,853** | 19,788 |

## 11. SHARE CAPITAL

| | As at March 31, 2018 Number of shares | As at March 31, 2018 Amount | As at March 31, 2017 Number of shares | As at March 31, 2017 Amount |
|---|---|---|---|---|
| **AUTHORISED** | | | | |
| Unclassified shares of ₹ 10 each | **100,000,000** | **1,000,000** | 100,000,000 | 1,000,000 |
| **ISSUED** | | | | |
| Equity shares of ₹ 10 each | **35,519,797** | **355,198** | 35,519,797 | 355,198 |
| **SUBSCRIBED AND PAID UP** | | | | |
| Equity shares of ₹ 10 each | **35,436,472** | **354,365** | 35,436,472 | 354,365 |

**Notes:**

a. **Reconciliation of number of Equity shares outstanding at the beginning and end of the year:**

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Outstanding at the beginning of the year** | **35,436,472** | 35,436,472 |
| Additions during the year | – | – |
| **Outstanding at the end of the year** | **35,436,472** | 35,436,472 |

b. **Terms/Rights attached to Equity shares**

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share held and is entitled to dividend, if declared at the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the 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.

c. **Shares held by holding company**

32,671,270 (Previous Year – 32,665,270) fully paid up equity shares are held by Khorakiwala Holdings and Investments Private Limited, the holding company.

d. **Shareholders holding more than 5% shares in the Company is set out below:**

| | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | **No. of Shares** | **% of holding** | No. of Shares | % of holding |
| Khorakiwala Holdings and Investments Private Limited | **32,671,270** | **92.20** | 32,665,270 | 92.18 |

## 12. NON-CURRENT FINANCIAL LIABILITIES – BORROWINGS

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **SECURED** | | |
| Term loan from bank (Refer note (a) below) | **2,820,000** | 1,747,613 |
| **UNSECURED** | | |
| Loans from related party (Refer note (b) below) | – | – |
| Preference shares (Refer note (c) below) | **47,648** | 39,542 |
| **Total** | **2,867,648** | 1,787,155 |

**Notes:**

a) The Company has taken a new loan during the current year and prepaid the loan outstanding during the previous year. The new term loan is secured by exclusive charge by way of mortgage of premises situated at Bandra Kurla Complex, Mumbai and exclusive charge by way of hypothecation of future cash flow/receivables from the aforesaid premises. This term loan carrying interest rate at 1 Year MCLR plus BPS p.a. is repayable by way of monthly instalments and will be fully repaid by November 2026. The Term loan secured by way of mortgage of premises situated at Bandra Kurla Complex, Mumbai and exclusive charge by way of hypothecation of lease rentals receivables from the aforesaid property, which was outstanding during the previous year has been prepaid.

b) Interest free loan ₹ 54,690 thousand (Previous Year – ₹ 54,690 thousand) are repayable by 2018 in 2 equal annual instalment subject to any further amendment with mutual understanding. Also, Refer note 29.

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **c) Preference shares:** | | |
| **(i) Reconciliation of number of shares outstanding at the beginning and end of the year:** | | |
| 3% Non Convertible Cumulative Redeemable Preference shares of ₹ 10 each fully paid up: | | |
| Shares outstanding at the beginning of the year – 19,000,000 shares | **190,000** | 190,000 |
| Add: Issued during the year | **–** | – |
| Shares outstanding at the end of the year – 19,000,000 shares | **190,000** | 190,000 |

**(ii) Terms/Rights attached to Preference shares:**
19,000,000 3% Non-Convertible Cumulative Redeemable Preference shares of ₹ 10 each are redeemable at par on March 16, 2035.

**(iii) Effective interest rate for the above Preference shares is 12%.**

**(iv) Details of Preference Shares held by each shareholder holding more than 5% of total Preference Shares.**

| | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | **No. of Shares** | **% of holding** | No. of Shares | % of holding |
| Merind Limited | **19,000,000** | **100%** | 19,000,000 | 100% |

## 13. PROVISIONS (NON-CURRENT)

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Provision for employee benefits (Refer note 25)** | | |
| Gratuity (unfunded) | **15** | – |
| Compensated absences (unfunded) | **48** | – |
| **Total** | **63** | – |

## 14. TRADE PAYABLES

| | | |
|---|---|---|
| Trade payables | **3,439** | 3,035 |
| **Total** | **3,439** | 3,035 |

**Note:**
Principal amount including interest, if any payable to micro and small enterprises as per Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2018 Nil (Previous Year – Nil). The above information is given to the extent information available with the Company and relied upon by the auditors.

## 15. OTHER CURRENT FINANCIAL LIABILITIES

| | | |
|---|---|---|
| Current maturities of long-term debt (Refer note 12) | **194,576** | 292,204 |
| Unclaimed dividends | **–** | 754 |
| Other payables | | |
| Deposits payable | **577,464** | 577,464 |
| Employee liabilities | **54** | 74 |
| Other payables | **10,396** | 14,459 |
| **Total** | **782,490** | 884,955 |

## 16. OTHER CURRENT LIABILITIES

| | | |
|---|---|---|
| Other payables | **11,914** | 1,267 |
| **Total** | **11,914** | 1,267 |

## 17. PROVISIONS

| | | |
|---|---|---|
| **Provision for employee benefits (Refer note 25)** | | |
| Gratuity (unfunded) | **–** | 24 |
| Compensated absences (unfunded) | **3** | 60 |
| **Total** | **3** | 84 |

| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| **18. REVENUE FROM OPERATIONS** | | |
| Rent income (Refer note 26) | **670,101** | 655,321 |
| **Total** | **670,101** | 655,321 |
| **19. OTHER INCOME** | | |
| Interest Income | **339,658** | 298,324 |
| Fair valuation of debentures | **212,940** | 263,261 |
| Miscellaneous income (Refer note below) | **1,105** | 1,006 |
| **Total** | **553,703** | 562,591 |

**Note:**
Miscellaneous income to the extent of ₹ 1,105 thousand (Previous Year – ₹ 996 thousand) is on account of liabilities no more payable.

| | | |
|---|---|---|
| **20. EMPLOYEE BENEFITS EXPENSES** | | |
| Salaries and wages (Refer note 25) | **616** | 738 |
| Contribution to provident and other funds (Refer note 25) | **22** | 24 |
| Staff welfare expenses | **187** | 153 |
| **Total** | **825** | 915 |
| **21. FINANCE COSTS** | | |
| Interest Expenses on | | |
| term loans | **249,850** | 254,546 |
| others | **12,993** | 13,823 |
| Other borrowing costs | **2,221** | 854 |
| **Total** | **265,064** | 269,223 |
| **22. OTHER EXPENSES** | | |
| Travelling and conveyance | **113** | 268 |
| Power and fuel | **5,688** | 9,200 |
| Rent | **100** | 100 |
| Rates and taxes | **16,202** | 17,819 |
| Repairs and maintenance: | | |
| Building | **951** | 5,907 |
| Others | **5,956** | 1,786 |
| Insurance | **1,602** | 1,793 |
| Provision for doubtful debts | **187** | – |
| Legal and professional charges | **5,846** | 8,587 |
| Security services | **3,744** | 4,479 |
| Secretarial expenses | **1,549** | 1,190 |
| Provision for permanent diminution in investment | – | 1,903 |
| Loss on Conversion of Optionally Convertible Redeemable Debentures | **281,008** | – |
| Miscellaneous expenses (Refer note below) | **2,589** | 599 |
| **Total** | **325,535** | 53,631 |

**Note:**

| **Payment to auditors included in Miscellaneous expenses** | | |
|---|---|---|
| Audit fees | **788** | 465 |
| Other services | **300** | – |
| Out of pocket expenses | **35** | – |
| GST/Service tax | **1** | 6 |
| **Total** | **1,124** | 471 |

Payment to Auditors includes ₹ 351 thousand (Previous Year – ₹ Nil) being differential fees pertaining to FY 2016-17.

| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| **23. EARNINGS PER SHARE (EPS)** | | |
| The calculations of earnings per share (EPS) (basic and diluted) are based on the earnings and number of shares as computed below: | | |
| **Reconciliation of earnings** | | |
| Profit after tax | **529,012** | 674,767 |
| Net profit for calculation of Basic/Diluted EPS | **529,012** | 674,767 |
| **Reconciliation of number of shares** | | |
| Weighted average number of shares in calculating Basic/Diluted EPS | **35,436,472** | 35,436,472 |
| | **35,436,472** | 35,436,472 |
| **Earnings per share (nominal value ₹ 10 each)** | | |
| Earnings per share - Basic/Diluted in ₹ | **14.93** | 19.04 |
| **24. INCOME TAXES** | | |
| **(a) Amounts recognised in profit or loss** | | |
| **Current income tax expense** | **116,189** | 148,321 |
| **Tax balances written off (net)** | **960** | – |
| **Deferred income tax liability/(asset), net** | | |
| Origination and reversal of temporary differences including MAT credit entitlement | **(41,824)** | 47,952 |
| Changes in Indian corporate tax rate in deferred tax | **5,766** | (760) |
| **Deferred tax expense** | **(36,058)** | 47,192 |
| **Tax expense for the year** | **81,091** | 195,513 |
| **(b) Amount recognised in other comprehensive income** | | |
| **Items that will not be reclassified to profit or loss** | | |
| Re-measurement of the defined benefit plans – (charge)/credit | **(1)** | – |
| Fair value on equity instruments – (charge)/credit | **(96,120)** | – |
| **Total** | **(96,121)** | – |
| **(c) Reconciliation of effective tax rate** | | |
| **Profit before tax (a)** | **610,103** | 870,280 |
| Tax using the Company's domestic tax rate (Current year – 34.608% and Previous Year – 34.608%) | **211,144** | 301,187 |
| **Tax effect of:** | | |
| Deductions admissible under Section 24 and Section 25 of the Income Tax Act, 1961 | **(86,794)** | (72,296) |
| Expenses not deductible for tax purposes | **26,650** | 30,134 |
| Items on which no tax is payable | **(52,564)** | (58,180) |
| Rate difference on taxable profits | **8,305** | – |
| Impact of re-measurement of tax due to rate change | **(5,766)** | (5,332) |
| Tax balances written off | **960** | – |
| Impact of differential tax rates applicable to the respective entity | **(20,844)** | – |
| **Tax expense as per profit or loss (b)** | **81,091** | 195,513 |
| **Effective tax rate for the year (b)/(a)** | **13.29%** | 22.47% |

**Note:**

The decrease in rate is mainly on account of exempt income on which no tax is payable, deduction of expenses under Section 24 and Section 25, offset by increase on account of disallowance of actual expenses, and also on account of re-measurement of tax due to change in tax rate.

### (d) Movement in deferred tax balances

| **Particulars** | **Net balance April 01, 2017** | **Recognised in profit or loss** | **Recognised in OCI** | **As at March 31, 2018** | | |
|---|---|---|---|---|---|---|
| | | | | **Net deferred tax asset/(liability)** | **Deferred tax asset** | **Deferred tax liability** |
| Investments | (126,703) | 7,486 | (96,120) | **(215,337)** | – | **(215,337)** |
| Borrowings | (5,310) | 5,310 | – | – | – | – |
| Debentures | (250,255) | (3,558) | – | **(253,813)** | – | **(253,813)** |
| Lease rent | 1,337 | 13,438 | – | **14,775** | **14,775** | – |
| Employee Benefits | – | – | (1) | **(1)** | – | **(1)** |
| MAT Credit | 58,931 | 13,382 | – | **72,313** | **72,313** | – |
| **Tax assets/(Liabilities)** | **(322,000)** | **36,058** | **(96,121)** | **(382,063)** | **87,088** | **(469,151)** |

| Particulars | Net balance April 01, 2016 | Recognised in profit or loss | Recognised in OCI | As at March 31, 2017 | | |
|---|---|---|---|---|---|---|
| | | | | Net deferred tax asset/(liability) | Deferred tax asset | Deferred tax liability |
| Investments | (108,341) | (18,362) | – | (126,703) | – | (126,703) |
| Borrowings | (8,855) | 3,545 | – | (5,310) | – | (5,310) |
| Debentures | (159,146) | (91,109) | – | (250,255) | – | (250,255) |
| Lease rent | 1,534 | (197) | – | 1,337 | 1,337 | – |
| MAT Credit | – | 58,931 | – | 58,931 | 58,931 | – |
| Tax assets/(Liabilities) | (274,808) | (47,192) | – | (322,000) | 60,268 | (382,268) |

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

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered. Any changes in future taxable income would impact the recoverability of deferred tax assets.

During the year, the Group has accounted tax credit in respect of Minimum Alternative Tax (MAT credit) of ₹ 13,382 thousand (Previous Year – ₹ 58,931 thousand).

## 25. EMPLOYEE BENEFITS

| | For the year ended March 31, 2018 Gratuity (Non-funded) | For the year ended March 31, 2017 Gratuity (Non-funded) |
|---|---|---|
| **(A) Defined benefit plans –** | | |
| **I. Expenses recognised in profit or loss** | | |
| 1. Current Service Cost | **13** | – |
| 2. Interest cost | **1** | – |
| **Total Expenses** | **14** | – |
| **II. Expenses recognised in Other Comprehensive Income** | | |
| 1. Actuarial changes arising from changes in demographic assumptions | **–** | – |
| 2. Actuarial changes arising from changes in financial assumptions | **(1)** | – |
| 3. Actuarial changes arising from changes in experience adjustments | **2** | – |
| **Total Expenses** | **1** | – |
| **III. Net Asset/(Liability) recognised as at balance sheet date** | | |
| 1. Present value of defined benefit obligation | **15** | – |
| 2. Net Asset/(Liability) | **(15)** | – |
| **IV. Reconciliation of Net Asset/(Liability) recognised as at balance sheet date** | | |
| 1. Net Asset/(Liability) at the beginning of year | **–** | – |
| 2. Expense as per I and II above | **(15)** | – |
| 3. Employer contributions | **–** | – |
| 4. Liability settled on resignation of the employee | **–** | – |
| 5. Excess provision written back | **–** | – |
| 6. Net asset/(liability) at the end of the year | **(15)** | – |
| **V. Maturity profile of defined benefit obligation** | | Not applicable |
| Within the next 12 months (next annual reporting period) | **0.02** | – |
| Between 2 and 5 years | **5** | – |
| Between 6 and 10 years | **1** | – |
| Beyond 10 years | **63** | – |
| **VI. Quantitative sensitivity analysis for significant assumptions** | | Not applicable |
| 1. Increase/(decrease) on present value of defined benefit obligation at the end of the year | | |
| (i) One percent point increase in discount rate | **(2)** | – |
| (ii) One percent point decrease in discount rate | **3** | – |
| (iii) One percent point increase in rate of salary increase | **3** | – |
| (iv) One percent point decrease in rate of salary increase | **(2)** | – |
| (v) One percent point increase in attrition rate | **(0.47)** | – |
| (vi) One percent point decrease in attrition rate | **(0.48)** | – |
| 2. Sensitivity analysis method<br>The Sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occuring at the end of the reporting period, while holding all other assumptions constant. | | |
| **VII. Actuarial Assumptions** | | Not applicable |
| 1. Discount rate | **7.87%** | – |
| 2. Expected rate of salary increase | **8.00%** | – |
| 3. Attrition rate | **1.00%** | – |
| 4. Mortality | **Indian Assured Lives Mortality (2006-08) Ultimate** | – |
| **VIII. Expected contribution to the plan for the next anuual reporting period** | **9** | – |

**Notes:**

(a) There was no material amount of gratuity liability as on March 31, 2017, hence no acturial valuation was carried out during the previous year. Provision for gratuity was however provided for on the basis of estimates.

(b) Amounts recognised as an expense and included in the Note 20 – "Salaries and wages" :

Gratuity ₹ -9 thousand (Previous Year – ₹ 24 thousand) and Compensated absences ₹ -9 thousand (Previous Year – ₹ 60 thousand).

(c) Actuarial valuation was worked out considering attrition rate and estimates of future salary increase taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(d) The plan above is typically exposed to actuarial risk such as interest risk, Mortality risk, Asset Liability Matching risk (ALM) and salary risk

- Interest risk: The decrease in the G. Sec. interest rate will increase the liability.
- Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longetivity risk.
- ALM risk: The plan faces the ALM risk as to the matching cash flow. The Company has to manage payout based on the pay as you go basis from own funds.
- Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(e) The Group had provided for gratuity and compensated absence based on actuarial valuation done as per Projected Unit Credit Method.

**(B) Defined contribution plan –**

Amount recognised as an expense and included in the Note 20 – "Contribution to provident and other funds" ₹ 22 thousand (Previous Year – ₹ 24 thousand).

## 26. LEASES

### A. Operating leases

**Leases as lessor**

The Group has given on operating lease certain office and factory premises. These leave and license agreements are for a period not exceeding five years and are in most cases renewable by mutual consent, on mutually agreeable terms. The Group has taken refundable interest free security deposits in accordance with the agreed terms. Future lease rentals receivable are as follows:

| | March 31, 2018 | | | |
|---|---|---|---|---|
| | **For the year** | **Not later than one year** | **Later than one year and not later than five years** | **Later than five years** |
| Lease Rent Receivable | **655,621** | **648,114** | **675,787** | **–** |
| (Previous Year) | 63,000 | 65,363 | 16,538 | – |

### B. Finance leases

**Leases as lessee**

The Group has entered into a finance lease for land for a period of 80 years. Except for the initial payment there are no material annual payments for the aforesaid lease. Refer Note 2 for the carrying amount.

## 27. FINANCIAL INSTRUMENTS

**Financial instruments – Fair values and risk management**

### A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if their carrying amount is a reasonable approximation of fair value.

| March 31, 2018 | Carrying amount | | | | Total Fair value | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Fair value through profit and loss | Fair value through other comprehensive income | Amortised Cost | Total | Total | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| **Financial assets** | | | | | | | | | |
| Non-current investments | 3,684,338 | 1,423,516 | 2,113,817 | 7,221,671 | 7,221,671 | – | 3,236,806 | 3,984,865 | 7,221,671 |
| Loans – non-current | – | – | 467 | 467 | 467 | – | 467 | – | 467 |
| Other non-current financial assets | – | – | 131,900 | 131,900 | 131,900 | – | – | – | – |
| Trade receivables | – | – | 268,067 | 268,067 | 268,067 | – | – | – | – |
| Cash and cash equivalents | – | – | 809,755 | 809,755 | 809,755 | – | – | – | – |
| Other bank balances | – | – | 976,426 | 976,426 | 976,426 | – | – | – | – |
| Other current financial assets | – | – | 10,317 | 10,317 | 10,317 | – | – | – | – |
| **Total** | **3,684,338** | **1,423,516** | **4,310,749** | **9,418,603** | **9,418,603** | – | **3,237,273** | **3,984,865** | **7,222,138** |
| **Financial liabilities** | | | | | | | | | |
| Borrowings | – | – | 3,014,576 | 3,014,576 | 3,014,576 | – | 3,014,576 | – | 3,014,576 |
| Preference Share liability | – | – | 47,648 | 47,648 | 47,648 | – | – | – | – |
| Trade payables | – | – | 3,439 | 3,439 | 3,439 | – | – | – | – |
| Other financial liabilities | – | – | 587,914 | 587,914 | 587,914 | – | – | – | – |
| **Total** | – | – | **3,653,577** | **3,653,577** | **3,653,577** | – | **3,014,576** | – | **3,014,576** |

| March 31, 2017 | Carrying amount | | | | Total Fair value | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Fair value through profit and loss | Fair value through other comprehensive income | Amortised Cost | Total | Total | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| **Financial assets** | | | | | | | | | |
| Non-current investments | 4,267,245 | 420,781 | 1,921,654 | 6,609,680 | 6,609,680 | – | 2,965,783 | 3,643,897 | 6,609,680 |
| Loans – non-current | – | – | 466 | 466 | 466 | – | 466 | – | 466 |
| Other non-current financial assets | – | – | 17,787 | 17,787 | 17,787 | – | – | – | – |
| Trade receivables | – | – | 238,029 | 238,029 | 238,029 | – | – | – | – |
| Cash and cash equivalents | – | – | 36,977 | 36,977 | 36,977 | – | – | – | – |
| Other bank balances | – | – | 662,674 | 662,674 | 662,674 | – | – | – | – |
| Other current financial assets | – | – | 2,255 | 2,255 | 2,255 | – | – | – | – |
| **Total** | **4,267,245** | **420,781** | **2,879,842** | **7,567,868** | **7,567,868** | – | **2,966,249** | **3,643,897** | **6,610,146** |
| **Financial liabilities** | | | | | | | | | |
| Borrowings | – | – | 2,039,817 | 2,039,817 | 2,039,817 | – | 2,039,817 | – | 2,039,817 |
| Preference share liability | – | – | 39,542 | 39,542 | 39,542 | – | – | – | – |
| Trade payables | – | – | 3,035 | 3,035 | 3,035 | – | – | – | – |
| Other financial liabilities | – | – | 592,751 | 592,751 | 592,751 | – | – | – | – |
| **Total** | – | – | **2,675,145** | **2,675,145** | **2,675,145** | – | **2,039,817** | – | **2,039,817** |

**B. Measurement of fair values**

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 forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

– Long term material variable rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customers and risk characteristics. Based on this evaluation, allowances are taken into account for the expected credit losses of the receivables.

– The fair values of the loans taken from banks and other parties estimated by discounting cash flows using rates currently available for debt/ instruments on similar terms, credit risks and remaining maturities. These valuations requires management to use certain unobservable inputs to be disclosed in the table below. Management regularly assesses a range of reasonably possible alternatives for those significant observable inputs and determines their impact on the total fair value.

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant inputs used.

**Financial instruments measured at fair value**

| **Type** | **Valuation technique** | **Significant unobservable inputs** | **Inter-relationship between significant unobservable inputs and fair value measurement** |
|---|---|---|---|
| Non-Current Investments – Investment in Optionally Convertible Redeemable Debentures | Discounted cash flow technique: The valuation model considers present value of expected payments discounted using an appropriate discounting rate. | (i) Risk adjusted discount rate of 12%<br>(ii) Discounted cash inflows | The estimated fair value would increase/(decrease) if:<br>– the risk adjusted discount rate were lower/(higher)<br>– the cash inflows were higher/(lower) |
| Non-Current Investments Investment in Unquoted Equity Instruments | Discounted cash flow technique: The valuation model considers present value of expected payments discounted using an appropriate discounting rate. | (i) EBITDA margins based on average EBITDA margin<br>(ii) Terminal growth rate based on the Company's long term sustainable growth rate potential<br>(iii) Weighted average cost of capital of 14% | The estimated fair value would increase/(decrease) if:<br>– the EBITDA margin were higher/(lower)<br>– the terminal growth rate were higher/(lower) or;<br>– the weighted average cost of capital were lower/(higher) |
| Investment in Unquoted Preference shares | Discounted cash flow technique : The valuation model considers present value of expected payments discounted using an appropriate discounting rate. | (i) Risk adjusted discount rate of 10%<br>(ii) Discounted cash inflows | |
| Investments in Zero Coupon Non-Convertible Reedemable Bonds | Discounted cash flow technique : The valuation model considers present value of expected payments discounted using an appropriate discounting rate. | Not applicable | |
| Non-current financial assets measured at amortised cost/long-term borrowings | Discounted cash flow technique : The valuation model considers present value of expected payments discounted using an appropriate discounting rate. | Not applicable | |

## C. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

**Risk management framework**

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group has defined and adopted a Risk Management Policy, which not only assesses the risks but also helps in timely ratification and minimization of these risks associated with strategic, operational, financial and compliance operations across all business operations. These control procedures and systems ensure that the Board is periodically informed on the material risks faced by the Group and the steps taken by the Group to alleviate those risks. At present, in the opinion of the Board of Directors, there are no risks which may threaten the existence of the Group.

### i. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

**Trade and other receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

As on March 31, 2018 and March 31, 2017, the Group did not have any significant concentration of credit risk with any external customers (i.e. customers other than entities over which Individuals having direct or indirect control over the Group, have significant influence/control).

Summary of the Group's exposure to credit risk by age of the outstanding from various customers is as follows:

| | Net Carrying amount | |
|---|---|---|
| | **As at March 31, 2018** | As at March 31, 2017 |
| **Neither past due not impaired** | – | – |
| **Past due not impaired** | | |
| Past due 1–180 days | **27,105** | 237,953 |
| Past due 181–365 days | **3,727** | 76 |
| More than 365 days | **237,235** | – |
| **Total** | **268,067** | 238,029 |

***Expected credit loss assessment for customers as at March 31, 2018 and March 31, 2017***

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, available press information etc.) and applying experienced credit judgement.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Group to determine incurred and expected credit losses. Given that the macro economic indicators affecting customers of the Group have not undergone any substantial change, the Group expects the historical trend of minimal credit losses to continue.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

| | |
|---|---|
| Balance as at April 01, 2016 | 72 |
| Impairment loss recognised | – |
| Amounts written off | – |
| Balance as at March 31, 2017 | 72 |
| Impairment loss recognised | 187 |
| Amounts written off | – |
| **Balance as at March 31, 2018** | **259** |

**Cash and bank balances**

The Group held cash and bank balances of ₹ 1,786,181 thousand (Previous Year – ₹ 699,651 thousand). These balances are held with bank and financial institution counterparties with good credit ratings.

**Others**

Other than trade and other receivables, the Group has no other financial assets that are past due but not impaired.

**ii. Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities. The Group monitors the net liquidity position through forecasts on the basis of expected cash flows.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

**Exposure to liquidity risk**

| **March 31, 2018** | **Carrying amount** | **Contractual cash flows** | | | | |
|---|---|---|---|---|---|---|
| | | **Total** | **Upto 1 year** | **1-3 years** | **3-5 years** | **More than 5 years** |
| **Non-derivative financial liabilities** | | | | | | |
| Borrowings | **3,014,576** | **4,404,559** | 448,659 | 884,513 | 1,009,600 | 2,061,787 |
| Preference share liability | **47,648** | **304,000** | – | – | – | 304,000 |
| Trade payables | **3,439** | **3,439** | 3,439 | – | – | – |
| Deposits payable | **577,464** | **577,464** | 577,464 | – | – | – |
| Employee liabilities | **54** | **54** | 54 | – | – | – |
| Other payables | **10,396** | **10,396** | 10,396 | – | – | – |

| March 31, 2017 | Carrying amount | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | | Total | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| **Non-derivative financial liabilities** | | | | | | |
| Borrowings | 2,039,817 | 2,739,291 | 516,880 | 1,033,294 | 1,189,117 | – |
| Preference share liability | 39,542 | 304,000 | – | – | – | 304,000 |
| Trade payables | 3,035 | 3,035 | 3,035 | – | – | – |
| Unclaimed dividends | 754 | 754 | 754 | – | – | – |
| Deposits payable | 577,464 | 577,464 | 577,464 | – | – | – |
| Employee liabilities | 74 | 74 | 74 | – | – | – |
| Other payables | 14,459 | 14,459 | 14,459 | – | – | – |

**iii. Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and other prices such as equity price. These will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. Financial instruments affected by market risk include loans, borrowings and deposits. The Market risk the Group is exposed can be classified as Currency risk and Interest rate risk. The Group does not have any currency risk.

**Interest rate risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

**Exposure to interest rate risk**

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

| | **Nominal amount** | |
|---|---|---|
| | **As at March 31, 2018** | As at March 31, 2017 |
| **Variable-rate instruments** | | |
| Financial liabilities | **3,014,576** | 2,039,817 |
| **Total** | **3,014,576** | 2,039,817 |

**Cash flow sensitivity analysis for variable-rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant.

| | Impact on Profit/(loss) – Increase/(Decrease) in Profit | |
|---|---|---|
| | **March 31, 2018** | March 31, 2017 |
| **Variable-rate instruments** | | |
| 100 bp increase | **(30,146)** | (20,398) |
| 100 bp decrease | **30,146** | 20,398 |

## 28. CAPITAL MANAGEMENT

The Group's capital management is intended to create value for stakeholders by facilitating the meeting of long-term and short-term goals of the Group.

The Group determines the amount of capital required on the basis of annual and long-term strategic plans. The Group's policy is aimed at combination of short-term and long-term borrowings.

The Group monitors the capital structure on the basis of 'adjusted net debt' to 'adjusted equity'. For this purpose adjusted net debt is defined as total liabilities comprising interest bearing loans and borrowings and obligations under finance lease, less cash and cash equivalents, Bank balance and current investments. Adjusted equity comprises Total equity.

The following table summarises the capital of the Group:

| | **As at March 31, 2018** | As at March 31, 2017 |
|---|---|---|
| Total liabilities | **3,014,576** | 2,039,817 |
| Less: Cash and cash equivalent and other bank balances | **1,786,181** | 699,651 |
| **Adjusted net debt** | **1,228,395** | 1,340,166 |
| Total equity | **6,374,171** | 5,532,244 |
| **Adjusted equity** | **6,374,171** | 5,532,244 |
| Adjusted net debt to adjusted equity ratio | **0.19** | 0.24 |

## 29. RELATED PARTY TRANSACTIONS

### (a) Parties where control exists

**Holding company:**

Khorakiwala Holdings and Investments Private Limited

**Individuals having direct or indirect control over the Company:**

H. F. Khorakiwala

**Entities having direct or indirect control over the Company:**

Habil Khorakiwala Trust (w.e.f March 30, 2017). Themisto Trustee Company Private Limited holds shares in the Holding Company in its capacity as the trustee of Habil Khorakiwala Trust.

**Enterprises over which Individuals having direct or indirect control over the Company, have significant influence/control:**

Palanpur Holdings and Investments Private Limited

Wockhardt Hospitals Limited

Merind Limited

Sharanya Chemicals and Pharmaceuticals Private Limited

Holmdene Constructions

Wockhardt Limited

**Key Managerial Personnel:**

G.B. Parulkar – Managing Director

Shahnawaz Khan – Director (Resigned on April 30, 2018)

Akhtar Shamsi – Independent Director

Stephen D'Souza – Director

Vijaya Nair – Independent Director

Shiva Subramanian – Independent Director

Shobhana Nagwekar – Independent Director

| | | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| **(b)** | **Transactions with related parties during the year** | | |
| | **Holding Company** | | |
| | Rent paid | **100** | 100 |
| | Interest income on Zero Coupon Non-Convertible Redeemable Bonds | **18,000** | 18,000 |
| | **Transactions with enterprises over which Individuals having direct or indirect control over the Company, having significant influence/control** | | |
| | (All the amounts mentioned below for the disclosure are the contractual amounts based on the arrangement with respective parties) | | |
| | Rent received from Wockhardt Limited | **699,568** | 619,413 |
| | Recovery of Electricity Charges from Wockhardt Limited | **17,834** | 15,847 |
| | Interest income from Holmdene Constructions | **1** | 1 |
| | Loan given to Holmdene Constructions | **1** | 1 |
| | Loss on conversion of Optionally Convertible Redeemable Debentures of Wockhardt Hospital Limited | **281,008** | – |
| **(c)** | **Managerial remuneration payable/paid to Managing Director** | **300** | 425 |
| **(d)** | **Director's sitting fees paid** | | |
| | [Akhtar Shamsi ₹ 7 thousand (Previous Year – ₹ 3 thousand), Shahnawaz Khan ₹ 9 thousand (Previous Year – ₹ 3 thousand), Stephen D'Souza ₹ 8 thousand (Previous Year – ₹ 3 thousand), Vijaya Nair ₹ 7 thousand (Previous Year – ₹ 2 thousand)] | **31** | 11 |
| **(e)** | **Reimbursement of Expenses to Key Managerial personnel** | | |
| | [Shiva Subramanian ₹ 6 thousand (Previous Year – ₹ 2 thousand), Shahnawaz Khan ₹ 6 thousand (Previous Year – ₹ 2 thousand), Shobhana Nagwekar ₹ 6 thousand (Previous Year – ₹ 2 thousand)] | **18** | 6 |
| **(f)** | **Related party balances outstanding** (All the amounts mentioned below for the disclosure are the contractual amounts based on the arrangement with respective parties. Where such amounts are different from carrying amounts as per requirements of Ind AS, their carrying amounts have been disclosed in brackets.) | | |
| | Receivable from/(payable to) Holding Company [Carrying value : ₹ -10 thousand (Previous Year – ₹ -200 thousand)] | **28,387** | 15,157 |
| | Security deposit payable to Wockhardt Limited | **555,000** | 555,000 |
| | Receivable from Enterprises where significant influence exists (Net of Provision) | **297,646** | 241,998 |
| | [Holmdene Constructions ₹ 467 thousand (Previous Year – ₹ 466 thousand); Wockhardt Limited ₹ 297,179 thousand (Previous Year – ₹ 241,532 thousand)] | | |
| | Payable to Enterprises where significant influence exists – Transaction value | **55,127** | 55,127 |
| | [Merind Limited ₹ 54,690 thousand (Previous Year – ₹ 54,690 thousand); Wockhardt Hospitals Limited ₹ 437 thousand (Previous Year – ₹ 437 thousand) | | |
| | Managerial remuneration and expense reimbursement payable to Key Managerial Personnel | **315** | 225 |
| | [G. B. Parulakar ₹ 300 thousand (Previous Year – ₹ 225 thousand), Shiva Subramanian ₹ 5 thousand (Previous Year – ₹ Nil), Shahnawaz Khan ₹ 5 thousand (Previous Year – ₹ Nil), Shobhana Nagwekar ₹ 5 thousand (Previous Year – ₹ Nil)] | | |
| | Director's sitting fees payable | **25** | – |
| | [Akhtar Shamsi ₹ 6 thousand (Previous Year – ₹ Nil), Shahnawaz Khan ₹ 7 thousand (Previous Year – ₹ Nil), Stephen D'Souza ₹ 7 thousand (Previous Year – ₹ Nil), Vijaya Nair ₹ 5 thousand (Previous Year – ₹ Nil)] | | |

## 30. SEGMENT INFORMATION

### A. General Information

(a) Factors used to identify the entity's reportable segments, including the basis of organisation –

The operations of the Group are limited to one segment, namely, rental income. The Group operates in a single reportable segment which is governed by same set of risks and returns.

(b) Following are reportable segments

**Reportable segment**

Rental Income

### B. Information about reportable segments

| Particulars | Rental income | |
|---|---|---|
| | **For the year ended March 31, 2018** | For the year ended March 31, 2017 |
| External revenues | **670,101** | 655,321 |
| **Segment revenue** | **670,101** | 655,321 |

### C. Information about geographical areas

| | **For the year ended March 31, 2018** | For the year ended March 31, 2017 |
|---|---|---|
| **(a) Revenue from external customers** | | |
| **India** | **670,101** | 655,321 |

| | **As at March 31, 2018** | As at March 31, 2017 |
|---|---|---|
| **(b) Non-current assets (other than financial instruments, deferred tax assets, post employment benefit assets, and rights under insurance contracts)*** | | |
| **India** | **837,061** | 859,140 |

* Non-current assets for this purpose consist of Property, Plant and Equipment and Investment properties in India.

### D. Information about major customer

Revenues from 2 customers of the Group represents approximately ₹ 669,947 thousand (Previous year 2 customers – ₹ 654,990 thousand) in the Group's total revenues.

## 31. SUBSEQUENT EVENTS

There are no significant subsequent events that would require adjustments or disclosures in the financial statements as on the balance sheet date.

## 32. ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE III TO THE COMPANY'S ACT, 2013, OF ENTITY CONSOLIDATED AS SUBSIDIARY:

| Name of the Entity | Net assets i.e. total assets minus total liabilities | | Share in profit or loss | | Share in Other Comprehensive Income (OCI) | | Share in Total Comprehensive Income | |
|---|---|---|---|---|---|---|---|---|
| | as % of consolidated net assets | Amount | as % of consolidated profit or loss | Amount | as % of consolidated OCI | Amount | as % of total Comprehensive Income | Amount |
| **Parent** | | | | | | | | |
| Carol Info Services Limited | 147.91% | 9,427,836 | 126.87% | 671,168 | 100.00% | 312,915 | 116.88% | 984,083 |
| **Subsidiary in India** | | | | | | | | |
| Banneret Trading Private Limited | -45.82% | (2,920,648) | -13.72% | (72,583) | – | – | -8.62% | (72,583) |
| **Sub total** | **102.09%** | **6,507,188** | **113.15%** | **598,585** | **100.00%** | **312,915** | **108.26%** | **911,500** |
| Inter company elimination | 2.09% | 133,017 | 13.15% | 69,573 | – | – | 8.26% | 69,573 |
| **Total** | **100.00%** | **6,374,171** | **100.00%** | **529,012** | 100.00% | **312,915** | **100.00%** | **841,927** |

**33. CONTINGENT LIABILITY AND COMMITMENTS**

(a) Demands for ₹ 410 thousand (Previous Year – ₹ 410 thousand) have been raised by Sales Tax Authorities. The Company has filed appeals against the said demands.

(b) Demand by Income tax authorities ₹ 185,276 thousand (Previous Year – ₹ 80,348 thousand) disputed by the Company.

(c) Claims against the Company not acknowledged as debt pertaining to interest ₹ 2,527 thousand (Previous Year – ₹ Nil).

**34. Reconciliation of the opening and closing balances of liabilities arising from Financing activities:**

| Particulars | Balance as on March 31, 2018 | Balance as on April 01, 2017 | Non cash changes | Cash flows/ inflow/(Outflow) |
|---|---|---|---|---|
| | | | Ind AS adjustments | |
| Borrowings (Net) | 3,062,224 | 2,079,359 | 23,451 | 959,414 |

**35.** In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115 'Revenue from Contracts with Customers' (New Revenue Standard), which replaces Ind AS 11 'Construction Contracts' and Ind AS 18 'Revenue'. The New Revenue Standard establishes principles for recognising revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. The New Revenue Standard provides additional guidance on areas such as multiple-element arrangements, measurement approaches for variable consideration along with significant additional disclosures in relation to revenue. The New Revenue Standard also provides two broad alternative transition options – Retrospective Method and Cumulative Effect Method – with certain practical expedients available under the Retrospective Method. The new Standard is not expected to have a material impact on the amount or timing of recognition of revenue in its financial statements.

The amendments will come into force from April 01, 2018.

**36.** Previous year figures have been regrouped wherever necessary to conform to current year classification.

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

**Dr. G. B. Parulkar**
*Chairman and Managing Director*
DIN: 00015668

**Neeraj Jain**
*Director*
DIN: 08118877

**Stephen D'Souza**
*Director*
DIN: 00045812

**Nikhil Malpani**
*Company Secretary*

**Ravi Shekhar Mitra**
*Chief Financial Officer*

Place : Mumbai
Date : August 21, 2018

## NOTES

## NOTES

**Registered Office: Wockhardt Towers, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051**
**Phone: 91-22-2653 4444 • Fax: 91-22-2652 3905 • Website: www.carolinfoservices.com**
**CIN: U74999MH1979PLC021942 • Email: investorrelations@carolinfoservices.com**

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