



FINANCIAL STATEMENT

For the year ended 31st March, 2019



AVANTIS REGTECH PRIVATE LIMITED

Avantis Regtech Private Limited

Standalone Balance Sheet as at 31 March, 2019

(All amounts in Rs. In Lakhs, unless otherwise stated)

	Notes	As at 31 March 2019
ASSETS		
Non-current assets		
Property, plant and equipment	4	7.96
Intangible assets	5	156.76
Intangible assets under development	5	48.44
Financial assets		
(i) Loans	6	10.52
Deferred tax assets (net)	7	88.34
Non-current tax asset	8	5.89
Total non-current assets		317.91
Current assets		
Financial assets		
(i) Trade receivables	9	28.16
(ii) Cash and cash equivalents	10	8.74
(iii) Bank balances other than cash and cash equivalents	11	153.55
(iv) Loans	6	0.43
Contract Asset	12	1.30
Other current assets	13	21.65
Total current assets		213.84
Total assets		531.74
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	14	1.00
Other equity	15	155.26
Total equity		156.26
LIABILITIES		
Non-current liabilities:		
Financial liabilities		
(i) Borrowings	16	316.42
Provisions	17	5.75
Total non-current liabilities		322.16
Current liabilities:		
Financial liabilities		
(i) Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises	18	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	18	16.45
(ii) Other financial liabilities	19	30.53
Provisions	17	0.25
Contract Liability	20	2.74
Other current liabilities	21	3.35
Total current liabilities		53.32
Total equity and liabilities		531.74

Summary of significant accounting policies 3

The accompanying notes are an integral part of the standalone financial statements.

This is the balance sheet referred to in our report of even date.

For Deepak P Jain & Associates

Chartered Accountants

Firm Registration Number: 125129W

Deepak P Jain
Proprietor
Membership No. 116939

Place: Pune
Date: 20-05-2019



For and on behalf of the Board of Directors

Rishi Agrawal
Director
DIN No : 06614269

Place: Pune
Date: 20-05-2019

Sandeep Agrawal
Director
DIN No : 05015428

Place: Pune
Date: 20-05-2019



Avantis Regtech Private Limited

Standalone Statement of Profit and Loss for the period ending 31 March, 2019

(All amounts in Rs. In Lakhs, unless otherwise stated)

	Notes	Period Ended 31 March 2019
Income		
Revenue from operations	22	56.73
Other income	23	5.34
Total income		62.07
Expenses		
Employee benefits expense	24	109.46
Finance Costs	25	12.50
Depreciation and amortization expense	26	14.49
Other expenses	27	54.78
Total expenses		191.24
Profit/(Loss) before tax		(129.17)
Tax expense:		
- Current tax (Including MAT)		-
- Tax adjustment for earlier years		-
- Deferred tax	7	-
MAT Credit entitlement		-
Deferred tax charge/ (credit)		(33.79)
Total tax expense		(33.79)
Profit/(Loss) for the period / year		(95.38)
Other comprehensive income/(loss) (OCI)		
Items that will not be reclassified to profit or loss:		
Remeasurement gains/(losses) of defined benefits obligation		-
Income tax relating to items that will not be reclassified to profit or loss		-
Other comprehensive income/(loss) for the period / year, net of tax		-
Total comprehensive income/(loss) for the period / year, net of tax		(95.38)
Earnings per equity share:		
Basic and diluted	28	(0.00)
Summary of significant accounting policies	3	

The accompanying notes are an integral part of the standalone financial statements.

This is the statement of profit and loss referred to in our report of even date.

For Deepak P Jain & Associates
Chartered Accountants
Firm Registration Number: 125129W

Deepak P Jain
Proprietor
Membership No. 116939

Place: Pune
Date: 20-05-2019



For and on behalf of the Board of Directors

Rishi Agrawal
Director
DIN No : 06614269

Place: Pune
Date: 20-05-2019

Sandeep Agrawal
Director
DIN No : 05015428

Place: Pune
Date: 20-05-2019



Avantis Regtech Private Limited

Standalone Statement of Cash Flow for the period ending 31 March, 2019
(All amounts in Rs. In Lakhs, unless otherwise stated)

	<u>Period Ended</u> <u>31 March 2019</u>
A: Cash Flow from Operating Activities :	
Profit/(Loss) before Taxation	(129.17)
Add: Adjustments for	
Depreciation of property, plant and equipment	1.75
Amortisation of intangible assets	12.74
Finance Costs	12.50
Interest Income	(4.95)
Fair value adjustments (net)	0.002
Bad debts / advances written off and provided for	2.43
Operating cash flows before working capital changes	(104.70)
Changes in Working Capital	
(Increase)/decrease in trade receivables	3.36
(Increase)/decrease in loans	(10.52)
(Increase)/decrease in contract assets	(1.30)
(Increase)/decrease in other current assets	(4.03)
Increase/(decrease) in trade payables	(51.22)
Increase/(decrease) in other financial liabilities	20.38
Increase/(decrease) in contract liabilities	2.74
Increase/(decrease) in other current liabilities	3.35
Increase/(decrease) in provisions	4.87
Cash generated/(utilised)/from Operations	(137.06)
Income tax paid (including TDS) (net of refunds)	(5.89)
Net Cash (utilised)/from Operating activities (A)	(142.95)
B: Cash Flow from Investing Activities	
Purchase of property, plant and equipment (including CWIP)	(54.50)
Acquisition of business net of cash and cash equivalents	(97.12)
Loan given to related parties (net of repayments)	(0.43)
Amounts invested in fixed deposits with banks (net of redemption)	(153.55)
Interest received	4.95
Net Cash used in Investing Activities (B)	(300.65)
C: Cash flow from Financing Activities	
Interest paid	-
Repayment of borrowings	(48.66)
Issue of Equity Shares	1.00
Issues of CCPS	500.00
Net Cash (utilised)/from Financing activities (C)	452.34
D: Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	8.74
Opening Balance of Cash & Cash Equivalents	-
Cash and cash equivalents comprise	
Balance with banks	
On Current Accounts	8.70
Deposits with remaining maturity of less than 3 months	-
Cash on hand	0.05
Closing Balance of Cash & Cash Equivalents	8.74

Summary of significant accounting policies

1&3

The accompanying notes are an integral part of the standalone financial statements.

This is the statement of cash flow referred to in our report of even date.

For Deepak P Jain & Associates
Chartered Accountants
Firm Registration Number 1251298

Deepak P Jain
Proprietor
Membership No, 116939

Place: Pune
Date: 20-05-2019

For and on behalf of the Board of Directors

Rishi Agrawal
Director
DIN No : 09614269

Place: Pune
Date: 20-05-2019

Sandeep Agrawal
Director
DIN No : 05015428

Place: Pune
Date: 20-05-2019



Avantis Regtech Private Limited

Standalone Statement of Changes in Equity for the period ended 31 March 2019

(All amounts in Rs. In Lakhs, unless otherwise stated)

a. Equity share capital:

Issued, subscribed and fully paid share capital

	Amount	
	Numbers	(Rs. In Lakhs)
Equity shares of Rs. 1 each:		
As on Incorporation	1,00,000	1.00
Additions during the year	-	-
At 31 March 2019	1,00,000	1.00

0.1% Compulsory Convertible Cumulative Preference Shares

As on Incorporation	-	-
Additions during the year	2,19,298	2.19
At 31 March 2019	2,19,298	2.19

* Also refer note 11

b. Other equity

Particulars	Attributable to equity holders of the Company Reserves and surplus		Total other equity
	Equity Component of financial instruments	Retained earnings	Total
For the year ended 31 March 2019			
Balance as at 12 October 2018	-	-	-
Amount received on issue of shares	250.64	-	250.64
Profit/(loss) for the year	-	(95.38)	(95.38)
Other comprehensive income/(loss) for the year	-	-	-
Total comprehensive income for the year	250.64	(95.39)	155.25
less : Distribution	-	-	-
Balance as at 31 March 2019	250.64	(95.39)	155.25

This is the statement of changes in equity referred to in our report of even date.

For Deepak P Jain & Associates

Chartered Accountants

Firm Registration Number: 125129W

Deepak P Jain

Proprietor

Membership No. 116939

Place: Pune

Date: 20-05-2019



For and on behalf of the Board of Directors

Rishi Agrawal

Director

DIN No : 06614269

Place: Pune

Date: 20-05-2019

Sandeep Agrawal

Director

DIN No : 05015428

Place: Pune

Date: 20-05-2019



Avantis Regtech Private Limited

Notes to the standalone financial statements for the period ending 31 March, 2019

1 Corporate Information

Avantis Regtech Private Limited (the "Company") is a Regulatory Technology Company incorporated on October 12, 2018. The Company currently provides Legal Compliance Management Product.

During the year, the company has issued Compulsory Convertible Preference Shares to Teamlease Services Limited w.e.f. November 03, 2018. The standalone financial statements are approved by the board of directors and authorized for issue in accordance with a resolution of the directors on May 20, 2019.

This note provides a list of the significant accounting policies adopted in the preparation of these standalone Ind AS financial statements. Accounting policies have been consistently applied except where a newly issued Indian Accounting Standard is initially adopted or a revision to an existing Indian Accounting Standard requires a change in the accounting policy hitherto in use.

2 Significant Accounting Policies

(i) Compliance with Ind AS

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

The standalone Ind AS financial statements are presented in Indian Rupees which is also the Company's functional currency and all amounts have been rounded off to the nearest lakh, unless otherwise stated.

(ii) Historical cost convention

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

- Certain financial assets and liabilities measured at fair value as explained in the accounting policies below ; and
- Defined benefit plan assets measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services as at the date of respective transactions.

All amounts disclosed in the Standalone Financial Statements and Notes have been rounded off to the nearest lakhs as per the requirement of the Schedule III, unless otherwise stated.

3 Summary of significant accounting policies

3.1 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has considered twelve months as its operating cycle.



3.2 Foreign currency translation

(i) Functional and presentation currency

Items included in the standalone financial statements of the company are measured using the currency of the primary economic environment in which the entity operates, i.e. the "functional currency". The standalone financial statements are presented in Indian rupee (INR), which is functional and presentation currency of the Company.

(ii) Transactions and balances

Foreign currency transactions are initially recorded by the company at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

- 1) Monetary assets and liabilities denominated in foreign currencies and measured at historical cost are translated at the functional currency spot rates of exchange at the reporting date.
- 2) Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are translated using the exchange rates at the date of the initial transactions. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when fair value was determined.
- 3) Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss in the period in which they arise.

3.3 Revenue Recognition

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration which the company expects to receive in exchange of those services.

Revenue from fixed price contracts where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration is recognized as per the percentage completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postpone until such uncertainty is resolved. Cost expended have been used to measure progress towards completion.

Revenue in excess of invoicing are classified as Contract Assets while invoicing in excess of revenue are classified as Contract liability. Company disaggregates revenue from contract with customers by nature of services.

Use of Significant judgements in revenue recognition

- 1) The company's contracts with customers could include promises to transfer multiple services to a customer. The company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- 2) Judgement is also required to determine the transaction price for the contracts. The company uses judgement to allocate the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct service promised in the contract.
- 3) The company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The company considers indicators such as how customers consumes benefits as services are rendered or who controls the asset as it is being created or existence of the enforceable right to payment for performance to date and alternate use of such service, transfer of significant risks and rewards to the customers etc.
- 4) Revenue for fixed price contract is recognized using percentage of completion method. The company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit or loss.

3.4 Taxes

Income Tax

Income tax expense comprises current tax expense and deferred tax asset or liability during the year. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the company operates and generates taxable income.

Current income tax relating to items not routed through the statement of profit and loss is recognised in other comprehensive income. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



Deferred tax

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except for the cases mentioned below:

- ▶ When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ▶ In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Deferred tax assets include Minimum Alternative Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

3.5 Property, plant and equipment

Capital work in progress and plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation methods, estimated useful lives

Depreciation is calculated using the Straight Line Method (SLM) over their estimated useful lives of the property, plant & equipment as prescribed under Part C of Sch II of the act, except in respect of the following categories of assets, in whose case the assets are depreciated/amortized as under:

- Leasehold Improvements are amortized over the estimated useful economic life i.e. the duration of lease
- Software licenses are amortized on a straight line basis over the estimated useful economic life

Asset	Life in Years
Computers	3
Computers (Old)	1
Furniture and fixtures	10
Office equipments	5
Leasehold Improvements	5



Handwritten initials/signature.

3.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Internally generated intangibles and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred except for software development cost eligible for capitalisation.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

A summary of the policies applied to the Company's intangible assets is, as follows:

Asset	Life in Years
Computer software	5 years
Software others	3 years

3.7 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that any property, plant & equipment and intangible assets may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.8 Financial instruments

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

Financial assets and financial liabilities are recognised when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the consolidated statement of profit and loss. In case of interest free or concession loans / debentures / preference shares given to subsidiaries and associates, the excess of the actual amount of the loan over initial measure at fair value is accounted as an equity investment.

Investment in equity instruments issued by subsidiaries and associates are measured at cost less impairment. Investment in preference shares/ debentures of the subsidiaries are treated as equity instruments if the same are convertible into equity shares or are redeemable out of the proceeds of equity instruments issued for the purpose of redemption of such investments. Investment in preference shares/ debentures not meeting the aforesaid conditions are classified as debt instruments at amortised cost.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(i) Financial assets

Financial assets at amortised cost

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



Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit and loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in statement of profit and loss.

Impairment of financial assets

The company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets mentioned below:

- Financial assets that are debt instrument and are measured at amortised cost
- Financial assets that are debt instruments and are measured as at FVOCI
- Trade receivables under Ind AS 18

The impairment methodology applied depends on whether there has been a significant increase in credit risk. Details how the company determines whether there has been a significant increase in credit risk is explained in the respective notes.

For impairment of trade receivables, the company chooses to apply practical expedient of providing expected credit loss based on provision matrix and does not require the Company to track changes in credit risk. Percentage of ECL under provision matrix is determined based on historical data as well as futuristic information.

Equity instruments

The company subsequently measures all equity investments at fair value. Where the Company elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

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

Derecognition of financial assets

A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

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

(ii) Financial Liabilities

Financial liabilities at amortised cost

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short term maturity of these instruments.

Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

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

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

The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all changes recognised in the statement of profit and loss.



Derecognition of financial liabilities

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

(iii) Offsetting of financial instruments

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

(iv) Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy:

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.10 Cash and cash equivalents

Cash and cash equivalent in the standalone balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

3.11 Employee benefits

Post-employment obligations

The company operates the following post-employment schemes:

- (a) defined benefit plans - gratuity, and
- (b) defined contribution plans such as provident fund.

Defined benefit plan

Gratuity obligations

Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on project unit credit method as at the balance sheet date. The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur in other comprehensive income and is transferred to retained earnings in the statement of changes in equity in the balance sheet. Such accumulated re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

In addition to the above, the Company recognises its liability in respect of gratuity for associate employees and its right of reimbursement as an asset in accordance with Ind AS 19.

Past service costs are recognised in profit or loss on the earlier of:

- a) The date of the plan amendment or curtailment, and
- b) The date that the company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the standalone statement of profit and loss:

- ▶ Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- ▶ Net interest expense or income

Defined contribution plan

Contribution to Government Provident Fund

The Company pays provident fund contributions to publicly administered provident funds as per applicable regulations. The Company has no

further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution obligations.



Compensated absences

The employees of the Company are entitled to be compensated for unavailed leave as per the policy of the Company, the liability in respect of which is provided, based on an actuarial valuation (using the projected unit credit method) at the end of each year. Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits and those expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The company's liability is actuarially determined (using Projected Unit Credit Method) at the end of each year. Actuarial gains/ losses are recognised in the Statement of Profit and Loss in the year in which they arise.

3.12 Provisions and contingent liability

Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability

Contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements.

3.13 Cash dividend distribution to equity holders

The Company recognizes a liability to make cash distributions to equity holders of the Company when the distribution is authorized and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

3.14 Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit/loss for the year attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to equity holders of the parent (after adjusting for convertible preference shares) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

3.15 Significant accounting judgments, estimates and assumptions

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount which is higher of fair value less costs of disposal and the value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model and the cash flows are derived from the budget for the next five years. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.



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Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment benefit and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future, these include the determination of the discount rate, future salary increases and mortality rates. Due to complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rate of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality table in India. The mortality tables tend to change only at interval in response to demographic changes. Further salary increases and gratuity increases are based on expected future inflation rates. Further details about the gratuity obligations are given in Note No. 30.

Useful life of assets considered for depreciation of Property, Plant and Equipment and amortisation of Intangible assets

The charge in respect of periodic depreciation/amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed at each financial year end. The lives are based on technical advice, prior asset usage experience and the risk of technological obsolescence.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note no. 29 for further disclosures.

Other estimates:

The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

3.16 Operating segment

The Board of Directors have been identified as the Chief Operating Decision Maker (CODM) as defined by IND-AS 108, Operating Segment. CODM evaluates the performance of Company and allocated resources based on the analysis of various performance indicators of the Company.

3.17 Recent accounting pronouncements

1) Ind AS 116 Leases : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.



Avantis Regtech Private Limited

Notes to the standalone financial statements for the period ending 31 March, 2019

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

2) Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach - Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

3) Amendment to Ind AS 12 - Income taxes : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

4) Amendment to Ind AS 19 - plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.



Avantis Regtech Private Limited

Notes to the standalone financial statements for the period ending 31 March, 2019
 (All amounts in Rs. in Lakhs, unless otherwise stated)

Tangible assets

Useful Life Yr	As at 12th Oct 2018 (₹)		Gross Carrying Amount		Depreciation and Impairment		Net Carrying Amount	
	As at 12th Oct 2018 (₹)	As at 31st March 2019 (₹)	Additions/ Adjustments (₹)	Deductions/ Adjustments (₹)	For the year	As at 31st March 2019 (₹)	As at 31st March 2019 (₹)	As at 31st Oct 2018 (₹)
5	-	-	-	-	-	-	-	-
	-	1.14	1.14	-	0.04	-	1.11	-
	-	-	-	-	-	-	-	-
	-	3.92	3.92	-	1.53	-	2.39	-
3	-	2.50	2.50	-	0.16	-	2.35	-
5	-	2.14	2.14	-	0.02	-	2.12	-
Total	-	9.71	9.71	-	1.75	-	7.96	-

Note 4: Property, plant and equipment

Plant and Machinery
 Lease Hold Improvements
 Furnitures & Fixtures
 Computers (Old)
 Computers
 Office Equipments
Total

Note 5: Intangible assets

Useful Life Yr	As at 12th Oct 2018 (₹)		Gross Carrying Amount		Amortisation and Impairment		Net Carrying Amount	
	As at 12th Oct 2018 (₹)	As at 31st March 2019 (₹)	Additions/ Adjustments (₹)	Deductions/ Adjustments (₹)	For the year	As at 31st March 2019 (₹)	As at 31st March 2019 (₹)	As at 12th Oct 2018 (₹)
5	-	81.63	81.63	-	6.42	-	75.21	-
	-	7.10	7.10	-	-	-	7.10	-
5	-	24.19	24.19	-	1.90	-	22.29	-
5	-	6.29	6.29	-	0.49	-	5.80	-
5	-	50.29	50.29	-	3.93	-	46.36	-
Total	-	169.50	169.50	-	12.74	-	156.76	-
Total	-	179.21	179.21	-	14.40	-	164.81	-

Note 8: Intangible asset under development

Particulars	(Amount in ₹)
Opening as at 12 October, 2018	-
Add: Addition during the year	48.44
Less: Expensed out during the year	-
Closing as at 31st March, 2019	48.44



Avantis Regtech Private Limited

Notes to the standalone financial statements for the period ending 31 March, 2019
(All amounts in Rs. In Lakhs, unless otherwise stated)

Note 6: Loans

	31 March 2019
Non-current	
(Unsecured, considered good)	
Loans to related parties (refer note 31)	-
Security Deposits	10.52
Other Deposits	-
	<u>10.52</u>
Current	
Loans to related parties	0.43
Other Deposits	-
	<u>0.43</u>

Note 7: Deferred tax assets/(liabilities)

	31 March 2019
Deferred tax assets/(liabilities)	88.34
	<u>88.34</u>

Particulars	CCPS	Provision for bad and doubtful debts	Depreciation on fixed assets	Provision for leave encashment and gratuity	Unamortised loaned and depreciation	Total
Opening balance	-	-	-	-	-	-
Recognised on issue of CCPS (CFI)	54.55	-	-	-	-	54.55
Charge/(Credit)	-	-	-	-	-	-
Profit and loss	(1.48)	0.68	2.29	1.67	32.64	33.79
Other comprehensive income	-	-	-	-	-	-
Closing balance	<u>51.07</u>	<u>0.68</u>	<u>2.29</u>	<u>1.67</u>	<u>32.64</u>	<u>88.34</u>

Reconciliation of deferred tax (net)

	31 March 2019
Opening balance	-
Recognised on issue of CCPS (CFI)	54.55
Tax credit/ (expense) during the period / year recognised in statement of profit and loss	33.79
Tax credit/ (expense) during the period / year recognised in OCI	-
Closing balance	<u>88.34</u>

As at the reporting date, the management of the Company is reasonably certain that sufficient future taxable income will be available against which the deferred tax asset, to the extent recognised, will be realised.

Note 8: Non-current Tax Asset

	31 March 2019
Advance Income Tax including TDS Receivables (Net of provision for Taxation)	5.89
	<u>5.89</u>

Income tax expense in the statement of profit and loss consists of:

	31 March 2019
Current income tax charge	-
Deferred tax credit/(net)	(33.79)
Income tax reported in the statement of profit or loss	<u>(33.79)</u>

Income tax recognised in other comprehensive income

	31 March 2019
Deferred tax arising on expense/(income) recognised in other comprehensive income	-
Net loss/(gain) on remeasurements of defined benefit plans	-
Income tax expense charged to OCI	<u>-</u>



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Avantis Regtech Private Limited

Notes to the standalone financial statements for the period ending 31 March, 2019
(All amounts in Rs. in Lakhs, unless otherwise stated)

Note 9: Trade receivables

(Unsecured considered good unless other wise stated)

Trade receivables from related parties

31 March 2019
2.33
2.33

Trade receivables- others

Doubtful

25.83
2.43
28.26

Less:

Allowance for doubtful debts

(2.43)
28.16

a) Trade receivables are non-interest bearing.

Note 10: Cash and cash equivalents

Cash on hand

Balances with banks

31 March 2019
0.05
8.70
-
8.74

- In current accounts

- In deposit accounts (with maturity of less than 3 months)

Note 11: Bank balances other than cash and cash equivalents

Deposits with remaining maturity of less than 12 months (other than above)

Deposits with remaining maturity of more than 12 months

153.55
-
153.55

Less : Amounts disclosed under other financial assets (Refer note 4)

-
153.55

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Cash on hand

Balances with banks

31 March 2019
0.05
8.70
-
8.74
-
8.74

- In current accounts

- In deposit accounts (with maturity of less than 3 months)

Less: Bank overdraft

Note 12: Contract Asset

Unbilled Revenue

1.30
1.30

Note 13: Other current assets

(Unsecured considered good unless other wise stated)

Prepaid expenses

Balance with Government Authorities

Advances receivable in cash or in kind

31 March 2019
1.41
17.78
2.47
21.65



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Avantis Regtech Private Limited

Notes to the standalone financial statements for the period ending 31 March, 2019
(All amounts in Rs. in Lakhs, unless otherwise stated)

Note 14: Equity share capital and other equity

	<u>31 March 2019</u>
Equity share capital	
(i) Authorised equity share capital	
500,000 Equity Shares (Face Value of Rs. 1 each with voting rights)	5.00
500,000 0.1% Compulsory Convertible Cumulative Preference Shares (CCPS) (Face Value of Rs. 1 each with voting rights)	<u>5.00</u>
	10.00
(ii) Issued, subscribed and fully paid-up shares	
100,000 Equity Shares of Rs. 1 each	1.00
Total issued, subscribed and fully paid-up shares	<u>1.00</u>

(iii) Terms/ rights attached to equity shares

The company has one class of equity shares having a par value of Rs.1 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

Name of the shareholders	<u>As At</u> <u>31 March 2019</u>	
	Numbers	% holding in the class
Equity shares of Rs.1 each fully paid		
Sandeep Agrawal	39,999	40%
Rishi Agrawal	35,000	35%
Vaibhav Karnavat	25,000	25%
	<u>99,999</u>	<u>100%</u>
Name of the shareholders	<u>As At</u> <u>31 March 2019</u>	
	Numbers	% holding in the class
0.1% Compulsory Convertible Cumulative Preference Shares		
TennLase Services Limited	2,19,298	100%
	<u>2,19,298</u>	<u>100%</u>

During the year the company has issued 2,19,298 0.1% Compulsory Convertible Cumulative Preference Shares at a premium of Rs. 227 each.

Note 15: Other equity

Particulars	<u>31 March 2019</u>
Equity Component of financial instruments	250.64
Retained earnings	(95.38)
	<u>155.26</u>
Equity Component of financial instruments	
Opening balance	-
Increase during the period / year	250.64
Closing balance	<u>250.64</u>
Surplus in the statement of profit and loss	
Opening balance	-
Net Profit/(Loss) for the period / year	(95.38)
Other comprehensive income recognised directly in retained earnings (Remeasurement of post employment benefit obligation, net of tax)	-
Less : Appropriation during the period / year	-
Closing balance	<u>(95.38)</u>

* For the movement of other equity, also refer Statement of Changes in Equity

Nature and purpose of other reserves

(i) Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013. On November 03, 2018 the company has issued 2,19,298 0.1% Compulsory Convertible Cumulative Preference Shares (CCPS) at a premium of Rs. 227/- each.



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Avantis Regtech Private Limited

Notes to the standalone financial statements for the period ending 31 March, 2019

(All amounts in Rs. In Lakhs, unless otherwise stated)

Note 16: Borrowings31 March 2019**Non-current****Unsecured borrowings**Compulsorily convertible cumulative preference shares
- CCPS (0.1%)

316.42

316.42**Current**

Unsecured borrowings

Compulsorily convertible preference shares
- CCPS (0.1%)

-

-**Note 17: Provisions****Non-current**

Employee benefits - Gratuity

3.37

Employee benefits - Leave Encashment

2.38

5.75**Current**

Employee benefits - Leave Encashment

0.25

0.25**Note 18: Trade payables****Current**

Total outstanding dues of micro enterprises and small enterprises

-

Total outstanding dues of creditors other than micro enterprises and small enterprises

16.45

16.45**Note 19: Other financial liabilities****Current**

Employees Benefits Payable

30.37

Advance from Customers

0.16

30.53**Note 20: Contract Liabilities**

Deferred Revenue

2.74

2.74**Note 21: Other current liabilities**

Statutory dues payable

3.09

Deferred Lease Rentals

0.26

3.35

Avantis Regtech Private Limited

Notes to the standalone financial statements for the period ending 31 March, 2019
(All amounts in Rs. In Lakhs, unless otherwise stated)

Note 22: Revenue from operations**(Net of taxes)****Sale of Services**

Income from Product Subscription
Sale of Product Licenses & Implementation

Total Revenue**31 March 2019**

23.28
33.45

56.73**Note 23: Other income**

Interest income on:
Deposits with banks
Unwinding of security deposit

Total other income**31 March 2019**

4.95
0.38
5.34

Note 24: Employee benefits expense

Salaries, wages and bonus
Less: Capitalised
Salaries, wages and bonus (Net)
Contribution to provident fund and other funds
Gratuity
Leave Encashment
Staff welfare expenses

Total employee benefit expense

144.83
45.02

31 March 2019

99.81
4.45
2.24
2.63
0.34
109.46

Note 25: Finance Costs

Interest expense on unwinding of preference shares liability

31 March 2019

12.50
12.50

Note 26: Depreciation and amortisation

Depreciation of property, plant & equipment
Amortization of other intangible assets

31 March 2019

1.75
12.74
14.49

Note 27: Other expenses

Rent
Electricity
Traveling and conveyance
Less: Capitalised
Traveling and conveyance (Net)
Repairs and maintenance
Printing and stationery
Communication costs
Legal and professional charges
Less: Capitalised
Legal and professional charges (Net)
Auditors' remuneration (Refer note below)
Advertisement and business promotion
Provision for bad and doubtful debts
Office expenses
Foreign exchange loss (Net)
Subscription Charges
Assessment & Logistic Expense
Other Expenses

6.74
1.04

26.06
1.25

31 March 2019

10.30
1.24
5.69
0.44
0.59
5.38
24.80
0.50
1.12
2.43
0.68
0.05
0.82
0.06
0.68
54.78

Note: Payment to auditors**As auditor (Net of GST)**

Statutory audit fee

31 March 2019

0.50
0.50



04



Avantis Regtech Private Limited

Notes to the standalone financial statements for the period ending 31 March, 2019

(All amounts in Rs. In Lakhs, unless otherwise stated)

Note 28: Earnings per share

The following reflects the income and share data used in the basic and diluted EPS computations:

	31 March 2019
Profit/(Loss) attributable to equity shareholders	(0.00)
Nominal value of each equity share	1.00
Weighted average number of equity shares outstanding during the period / year	1,46,849
EPS - basic and diluted (Rs.)	(0.00)

* The effect of potential equity shares i.e. ESOP and CCPS issued by the Company has anti-dilutive effect as there is loss. Thus, the diluted EPS is same as basic EPS.

Computation of Weighted Average Number of Equity Shares

		31 March 2019
Number of Equity Shares outstanding at beginning of the period / year		1,00,000
Add: Weighted Average number of equity shares issued during the period / year		
- 1,00,000 equity shares issued on incorporation i.e. October 12, 2018	1,00,000	46,849
Weighted average number of equity shares outstanding at the end of the year for computing basic and diluted earnings per share	1,00,000	1,46,849

Note 29: Instruments issued during the year

On November 03, 2018, the Company issued 2,19,258 Compulsorily Convertible Cumulative Preference Shares (CCPS) of Rs.1 each to TeamLease Services Limited at a premium of Rs. 227 per share amounting to Rs.500.00 lakhs. CCPS with 0.1% dividend rate is treated as a compound financial instrument and hence, the equity and liability component is separated and presented separately.

Each CCPS may be converted into Equity share upon the expiry of five years from the date of issuance or at any time at the option of the holder of the CCPS, not later than 20 (twenty) years.



Avantis Regtech Private Limited

Notes to the standalone financial statements for the period ending 31 March, 2019

(All amounts in Rs. In Lakhs, unless otherwise stated)

Note 30: Employee benefit obligations

i) Leave Obligation

The leave obligation cover the Company's liability for earned leave which are classified as current and non-current benefits. The bifurcation of the current and non-current is based on the past experience of employee's retirement, resignations or on his death on the basis of the salary he would be drawing at the time of his separation from the Company.

Particulars	31 March 2019
Leave Obligations not expected to be settled within the next 12 months	2.38

ii) Defined Contribution plans

The Company also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of the salary as per the regulations. The contribution are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expenses recognised during the year towards defined contribution plan is Rs. 3.37 lakhs.

(iii) Gratuity

The Company has defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, every employee who has completed 4 years and 240 days of service are eligible for gratuity on departure at 15 days salary (last drawn) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement.

These plans typically expose the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Interest risk	The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Demographic Risk	This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.
Salary risk	Higher than expected increases in salary will increase the defined benefit obligation.

The following table summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan:

Changes in present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	31 March 2019
Defined benefit obligation at beginning of the year	-
Current service cost	3.37
Past service cost	-
Interest cost on defined benefit obligation	-
Benefits paid	-
Re-measurements	-
Actuarial (gain) / loss arising from changes in demographic assumptions	-
Actuarial (gain) / loss arising from changes in financial assumptions	-
Actuarial (gain) / loss arising from changes in experience adjustments	-
Defined benefit obligation at end of the year	3.37
	31 March 2019
Current	-
Non-current	3.37
Net defined benefit liability/ (assets)	
	31 March 2019
Present value of non-funded obligation	3.37
Fair value of plan assets	-
Net liability	3.37



Avantis Regtech Private Limited

Notes to the standalone financial statements for the period ending 31 March, 2019

(All amounts in Rs. In Lakhs, unless otherwise stated)

Net benefit cost recognised in statement of profit and loss

	<u>31 March 2019</u>
Current service cost	3.37
Past service cost	-
Interest cost on defined benefit obligation	-
Net benefit expense	<u>3.37</u>

Remeasurement loss/(gains) in other comprehensive income

	<u>31 March 2019</u>
Particulars	
Due to change in demographic assumptions	-
Due to change in financial assumptions	-
Due to change in experience adjustments	-
Actuarial loss/(gain) recognised in OCI	<u>-</u>

The principal assumptions used in determining gratuity benefit obligation are shown below:

	<u>31 March 2019</u>
Discount rate	7.80%
Salary escalation rate	10.00%
Expected remaining working lives of employees (years)	14.65
Attrition rate	5%
Retirement age	58
Mortality tables	Indian Assured Lives Mortality (2012-14) Uh Table

Note:
1) The estimates of future salary increase, considered in actuarial valuation, takes into account inflation, seniority, parameter and other relevant factors such as supply and demand factors in employment market.

Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions on defined benefit obligation as at 31 March 2019 - given as shown below:

	<u>Discount rate</u>	<u>Salary escalation rate</u>
	<u>31 March 2019</u>	<u>31 March 2019</u>
1% increase	2.94	3.84
1% decrease	3.89	2.97
	<u>Attrition rate</u>	
	<u>31 March 2019</u>	
1% increase	3.28	
1% decrease	3.46	

The sensitivity analyses above have been determined based on a method that extrapolates the impact of defined benefit obligation as a result of reasonable changes in key assumptions used at the end of the reporting period.

The following payments are expected contributions to the defined benefit plan in future years

	<u>31 March 2019</u>
Year 1	-
Year 2	0.02
Year 3	0.03
Year 4	0.05
Year 5	0.07
Next 5 years	19.10

The Company expects to contribute Rs 3.89 lakhs in 2019-20.

The weighted average duration of defined benefit obligation at the end of the reporting period is 18.84 years.



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Avantis Regtech Private Limited

Notes to the standalone financial statements for the period ending 31 March, 2019

(All amounts in Rs. In Lakhs, unless otherwise stated)

Note 31: Disclosure of related party transactions:**(i) List of related parties and relationship:**

Description of relationship	Names of the related parties
a) Key management personnel	Rishi Agrawal Sandeep Agrawal
b) Company exerting significant influence	Teamlease Services Limited

(ii) Other Related parties with whom transactions have been taken during the period

Description of relationship	Names of the related parties
Entities where KMP or directors exercise control or significant influence	Avantis Softech LLP
Entities where KMP or directors exercise control or significant influence	Bluefin Corporation India Pvt. Ltd.
Entities where KMP or directors exercise control or significant influence	Avantis Technologies
Entities where KMP or directors exercise control or significant influence	Arth and Associates

(iii) Enterprise over which directors exercise significant influence:

- a) Rishi Agrawal is director in following entities-
- Bluefin Corporation India Pvt. Ltd.
 - Avantis Softech LLP
- b) Sandeep Agrawal is director in following entities-
- Avantis Softech LLP
 - Arth and Associates (Partner)

(iii) Transaction with related parties:

Description	31 March 2019
Issue of Equity Shares	
- Sandeep Agrawal	0.40
- Rishi Agrawal	0.35
- Vaibhav Karnavat	0.25
Issue of 0.1% Compulsory Convertible Cumulative Preference Shares	
- Teamlease Services Limited	500.00
Sale of Services (Net of GST)	
- Teamlease Services Limited	0.71
Purchase of Intangibles Assets	
- Avantis Softech LLP	85.55
Purchase of Services	
- Bluefin Corporation India Pvt. Ltd.	1.51
- Arth and Associates	1.20
Managerial Remuneration	
- Rishi Agrawal	14.91
- Sandeep Agrawal	14.91

*Managerial Remuneration does not include cost of employee benefits such as gratuity and compensated absences since, provision for these are based on actuarial valuation carried out for the Company as a whole.



By



Other expenses (reimbursement paid)

Key management personnel

- Rishi Agrawal	1.93
- Sandeep Agrawal	1.46

(iii) Outstanding balances as at year ended

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

<u>Name of the related parties</u>	<u>Description of account balances</u>	<u>31 March 2019</u>
- Arth and Associates	Trade Payables	0.31
- Bluefin Corporation India Pvt. Ltd.	Trade Payables	0.06
- Rishi Agrawal	Trade Payables	5.94
- Avantis Softech LLP	Trade Receivables	2.33
- Teamlease Services Limited	Trade Receivables	0.65


*As the liability for gratuity and leave encashment is provided on actuarial valuation basis for the company as a whole, the amount pertaining to directors are not included.


Note 32: The Micro, Small and Medium Enterprises Development Act, 2006

Based on the information available with the Company, there are no suppliers who are registered as micro or medium enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2019.


Deepak P. Jain
Proprietor
Membership No. 116939
Place: Pune
Date: 20-05-2019




Rishi Agrawal
Director
DIN No : 06614269
Place: Pune
Date: 20-05-2019


Sandeep Agrawal
Director
DIN No : 05015428
Place: Pune
Date: 20-05-2019

