

Independent Auditor's Report

To,

The Members of

RAXA SECURITY SERVICES LIMITED.**Report on the Financial Statements :**

We have audited the accompanying financial statements of **RAXA SECURITY SERVICES LIMITED** ("the Company"), which comprises the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss for the year ended 31st March 2018, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including the accounting standards specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility :

Our responsibility is to express an opinion on these 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion :

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



Report on Other legal and Regulatory requirements :

1. As required by the Companies (Auditor's Report) Order, 2016, ("the order"), issued by the Central Government of India, in terms of subsection (11) of section 143 of the Companies Act, 2013, we give in Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, We report that :
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet and Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies Accounts Rules, 2014.
 - e. On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. 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" and
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company does not have any pending litigations which would impact its financial position.
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : Hyderabad

Date : 30.04.2018

For **P.Krishna & Co.,**
Chartered Accountants
Firm's Regn No.005473S

A. Sreenivasa Rao

(A.SREENIVASA RAO)

PARTNER

M.No.208863



Annexure "A" to the Independent Auditor's Report

With reference to the Annexure referred to in paragraph 1 under the heading "Report on other legal & Regulatory Requirements" of our Report of even date to the members of **RAXA SECURITY SERVICES LIMITED**, on the financial statements for the year ended 31st March 2018, We report that :

- (i). (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.

c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of company.
- (ii). The inventory has been physically verified during the year by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable and adequate and no material discrepancies are noticed during our audit.
- (iii). In respect of the Loans, secured or unsecured, granted by the Company to companies, firms or other parties listed in the register maintained under section 189 of the Companies act 2013:
 - a) In our opinion and according to the information given to us, the terms and conditions of the loans given by the Company are prima facie, not prejudicial to the interest of the Company.
 - b) The schedule of repayment of principal and payment of interest has been stipulated and repayment of principal amounts and/or receipts of interest have been regular as per stipulations.
 - c) There are no overdue amounts as at the year-end in respect of both principal and interest.
- iv). In our opinion and according to the information and explanations given to us, Company has complied with the provision of Section 185 and 186 of Companies Act, 2013 in respect of grant of Loans, making investments and providing guarantees and securities, as applicable.
- v). The Company has not accepted deposits from the public covered by the provisions of Section 73 to 76 of the Companies Act, 2013.
- vi). As informed to us, the Central Government has not prescribed maintenance of cost records under Section 148 (1) of the Act, for any of the services rendered by the Company.
- vii). (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Custom Duty, Value Added Tax, Service Tax and other material statutory dues, as applicable, with the appropriate authorities in India., Excise Duty is not applicable to the company for the current year.
(b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax,



Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes.

- viii). The company has not defaulted in repayment of dues to its Bank in respect of Loans taken by it. There were no dues payable to any financial institution/s.
- ix). The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, Clause (ix) of the order is not applicable.
- x). According to the information and explanation given to us, no fraud by the company or on the company by its officers or employees has been noticed or reported during the course of audit.
- xi). According to the information and explanations given to us and based on our examination of the records of the company, the company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the act.
- xii). In Our Opinion and according to the explanations given to us, the company is not a Nidhi company. Accordingly, provisions of clause (xii) of the order are not applicable.
- xiii). According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with the sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable standards.
- xiv). According to the information and explanations given to us, the company has not made any preferential allotment or Private placement of shares or fully or partly convertible debentures during the year.
- xv). According to the information and explanations given to us and based on our examination of the records of the company, The company has not entered into any non-cash transactions with the directors or persons connected with him. Accordingly, provisions of clause (xii) of the order are not applicable.
- xvi). The company is not required to be registered under section 45-IA of the Reserve bank of India Act, 1934.

Place : Hyderabad

Date : 30.04.2018

For **P.Krishna & Co.,**
Chartered Accountants
Firm's Regn No.005473S


(A.SREENIVASA RAO)
P A R T N E R
M.No.208863



Annexure "B" to the Independent Auditors' Report of even date on the Financial Statements of RAXA SECURITY SERVICES LIMITED

Report on the Internal Controls on 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 **RAXA SECURITY SERVICES LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, 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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 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.

Place : Hyderabad

Date : 30.04.2018

For **P.Krishna & Co.,**
Chartered Accountants
Firm's Regn No.005473S


(A.SREENIVASA RAO)
P A R T N E R
M.No.208863



Raxa Security Services Limited
No. 25/1, Skip House, Museum Road, Bangalore - 560025
Balance Sheet as at 31st March, 2018

(Rs in Lakhs)

| | Particulars | Notes | As at 31-Mar-18 | As at 31-Mar-17 |
|-----------|--|-------|--------------------|--------------------|
| I | ASSETS | | | |
| | (1) Non-current assets | | | |
| | Property, Plant and Equipment | 3 | 3,162.35 | 3,304.58 |
| | Capital work in progress | 3 | - | 3.32 |
| | Financial Assets | | | |
| | (i) Loans | 10 | 7,600.00 | 6,750.00 |
| | Deferred tax asset (net) | 5 | 169.21 | 315.20 |
| | | | 10,931.56 | 10,373.10 |
| | (2) Current assets | | | |
| | Inventories | 6 | 8.62 | 73.75 |
| | Financial Assets | | | |
| | (i) Trade Receivables | 7 | 4,486.43 | 4,377.22 |
| | (ii) Cash and cash equivalents | 8 | 301.80 | 29.34 |
| | (iii) Bank balances other than cash and cash equivalents | 9 | 1,907.58 | 1,378.21 |
| | (iv) Loans and advances | 10 | 15,434.82 | 70.01 |
| | (v) Others financial assets | 11 | 1,745.89 | 243.16 |
| | Other current assets | 4 | 122.20 | 142.53 |
| | Current tax assets (net) | 4 | 492.04 | 402.00 |
| | | | 24,499.38 | 6,716.21 |
| | Total Assets | | 35,430.95 | 17,089.30 |
| II | EQUITY AND LIABILITIES | | | |
| | (1) Equity | | | |
| | Equity Share capital | 12 | 3,643.95 | 3,643.95 |
| | Other Equity | 13 | 1,399.48 | 1,350.31 |
| | | | 5,043.43 | 4,994.26 |
| | LIABILITIES | | | |
| | (2) Non-current liabilities | | | |
| | Financial Liabilities | | | |
| | (i) Borrowings | 14 | 25,859.15 | 7,500.00 |
| | (ii) Other financial liabilities | 16 | 603.24 | 651.44 |
| | Provisions | 18 | 918.70 | 709.37 |
| | | | 27,381.09 | 8,860.81 |
| | (3) Current liabilities | | | |
| | Financial Liabilities | | | |
| | (i) Borrowings | 14 | - | 1,632.52 |
| | (ii) Trade Payables | 15 | 234.46 | 315.96 |
| | (iii) Other financial liabilities | 16 | 810.83 | 151.44 |
| | Other current liabilities | 17 | 617.17 | 275.97 |
| | Provisions | 18 | 1,343.97 | 858.35 |
| | | | 3,006.43 | 3,234.23 |
| | Total Equity and Liabilities | | 35,430.95 | 17,089.30 |

For M/S. P. Krishna & Co
 ICAI Firm's Regn No.005473S
 Chartered Accountants

A. Srinivasa Rao
(A. Srinivasa Rao)
 Partner
 Membership No. 208863

Place: Bengaluru
 Date: 30th Apr,2018

For and on behalf of the Board of Directors of
Raxa Security Services Limited

M R Reddy
M R Reddy
 Director
 DIN : 00286418

Chandra Ramakumari K
Chandra Ramakumari K
 CFO

S I S Ahmed
S I S Ahmed
 Director
 DIN : 06498734

Arvind Kumar
Arvind Kumar
 Company Secretary



Raxa Security Services Limited
No. 25/1, Skip House, Museum Road, Bangalore - 560025
Statement of Profit and Loss for the Period Ended 31st March, 2018
(Rs in Lakhs)

| Particulars | Notes | Period Ended 31-Mar-18 | Period Ended 31-Mar-17 |
|---|-------|---------------------------|---------------------------|
| I REVENUE | | | |
| Revenue From Operations | 19 | 16,315.72 | 13,752.60 |
| Other Income | 20 | 2,646.22 | 432.77 |
| Total Revenue (I) | | 18,961.93 | 14,185.37 |
| II EXPENSES | | | |
| Employee Benefits Expense | 21 | 13,315.26 | 10,855.12 |
| Expenditure on Technical Projects | 22 | 207.52 | 346.61 |
| Changes in inventories of stock-in-trade and WIP | 23 | 64.90 | 209.75 |
| Operational & Administrative Expenses | 24 | 1,421.21 | 1,671.15 |
| Finance Costs | 25 | 3,153.31 | 725.18 |
| Depreciation and amortization expense | 26 | 187.32 | 187.43 |
| Total expenses (II) | | 18,349.52 | 13,995.23 |
| III Profit before exceptional items and tax (I-II) | | 612.41 | 190.14 |
| IV Exceptional Items | | - | - |
| V Profit/(loss) before tax (III-IV) | | 612.41 | 190.14 |
| VI Tax expense: | | | |
| Current Tax | | 49.98 | - |
| Adjustment of tax relating to earlier periods | | - | - |
| Deferred Tax | | 145.99 | (315.20) |
| VII Profit/(loss) for the period (V-VI) | | 416.44 | 505.34 |
| VIII Other Comprehensive Income | | | |
| A Items that will be reclassified to profit or loss | | - | - |
| B Items that will not be reclassified to profit or loss | | | |
| Re-measurement gains (losses) on defined benefit plans | | (367.27) | (249.25) |
| Income tax effect | | - | - |
| IX Total Comprehensive Income for the period (VII + VIII) | | 49.17 | 256.09 |
| (Comprising Profit (Loss) and Other Comprehensive Income for the period) | | | |
| X Earning per equity share | | | |
| (1) Basic | | 0.13 | 0.88 |
| (2) Diluted | | 0.13 | 0.88 |

For M/S. P. Krishna & Co
ICAI Firm's Regn No.005473S
Chartered Accountants

A. Srinivasa Rao

(A. Srinivasa Rao)
Partner
Membership No. 208863



For and on behalf of the Board of Directors of
Raxa Security Services Limited

M R Reddy

M R Reddy
Director
DIN : 00286418

S I S Ahmed

S I S Ahmed
Director
DIN : 06498734

Chandra Ramakumari K

Chandra Ramakumari K
CFO

Arvind Kumar

Arvind Kumar
Company Secretary

Place: Bengaluru
Date: 30th Apr, 2018



Raxa Security Services Limited
No. 25/1, Skip House, Museum Road, Bangalore - 560025
Statement of Cash Flows for the year ended 31 March 2018

| | | (Rs in Lakhs) | |
|----------|---|--------------------|-------------------|
| | Particulars | 31-Mar-18 | 31-Mar-17 |
| A | Cash Flow from Operating Activities | | |
| | Profit / (loss) before tax | 195.16 | (59.11) |
| | Adjustment to reconcile profit before tax to net cash flows | | |
| | Depreciation and amortisation | 187.32 | 187.43 |
| | Interest expenses | 2,910.40 | 690.10 |
| | Interest income | (2,646.22) | (431.82) |
| | Finance income (including fair value change in financial instruments) | - | - |
| | Finance costs (including fair value change in financial instruments) | - | - |
| | Others | - | - |
| | | 451.50 | 445.71 |
| | Operating Profit before Working Capital changes | 646.66 | 386.60 |
| | Movements in working capital : (Excluding Cash & Bank Balances) | | |
| | Increase/(Decrease) in trade payables | (81.50) | (85.28) |
| | Increase/(Decrease) in provisions | 694.95 | 458.00 |
| | Increase / (Decrease) in other payables | 952.39 | (232.59) |
| | (Increase)/Decrease in trade receivables | (109.21) | 31.63 |
| | (Increase)/Decrease in Inventories | 65.13 | 207.23 |
| | Decrease / (increase) in other receivables | (1,512.22) | 71.26 |
| | | 9.54 | 450.24 |
| | Cash Generated From Operations | 656.21 | 836.83 |
| | Less : Direct Tax paid (net of refunds) | (90.05) | (58.73) |
| | Net Cash Flow from Operating Activities (A) | 566.16 | 778.10 |
| B | Cash Flow from Investing Activities: | | |
| | Purchase of fixed assets | (43.49) | (69.85) |
| | Proceeds from sale of fixed assets | 1.72 | 1.95 |
| | Investments in Mutual Funds | | |
| | Purchase of Mutual Funds | (5,675.00) | - |
| | Sale of Mutual Funds | 5,725.55 | - |
| | Income on sale of Mutual Funds | - | - |
| | Capital Advance given to related party | | |
| | GMR Krishnagiri SEZ Limited | (15,000.00) | - |
| | Interest income | | |
| | Related parties | 2,453.00 | 326.51 |
| | Others | 142.67 | 105.31 |
| | Deposits with related parties | | |
| | GMR Infrastructure Limited (GIL) | (500.00) | (6,750.00) |
| | Kakinada SEZ Limited | (835.00) | - |
| | Repayment of Deposits by related parties | | |
| | GMR Infrastructure Limited (GIL) | 150.00 | - |
| | Net cash flow (used in) investing activities (B) | (13,580.56) | (6,386.08) |
| C | Net Cash Flow From Financing Activities: | | |
| | Proceeds from issue of equity shares to GMR SEZ and Port Holdings Private Limited (GSPHPL) | - | 2,400.00 |
| | Proceeds from long term borrowings | | |
| | Related parties - GMR Infrastructure Limited (GIL) | 4,547.14 | - |
| | Others | 13,962.00 | 7,500.00 |
| | Repayment of long term borrowings | | |
| | Related Party - GMR Infrastructure Limited | - | (2,400.00) |
| | Others | (150.00) | - |
| | Repayment of short term borrowings | (1,632.53) | (729.82) |
| | Interest paid | (2,910.40) | (690.10) |
| | Net cash flow (used in) in financing activities (C) | 13,816.23 | 6,080.08 |



Statement of Cash Flows for the year ended 31 March 2018

| | | (Rs in Lakhs) | |
|---|--|------------------|------------------|
| Particulars | | 31-Mar-18 | 31-Mar-17 |
| D | Net (decrease) / In cash and cash equivalents (A + B + C) | 801.83 | 472.10 |
| | Cash and cash equivalents as at April 1, | 1,407.54 | 935.44 |
| | Cash and cash equivalents as at March 31, | 2,209.38 | 1,407.54 |
| Components of Cash and cash equivalents | | 31-Mar-18 | 31-Mar-17 |
| Balances with banks: | | | |
| - In current accounts | | 301.80 | 29.10 |
| - Deposits with original maturity of less than three months | | - | - |
| - Deposits with remaining maturity of less than 12 months | | 895.00 | 1,350.00 |
| - Margin money deposits | | 1,012.58 | 28.21 |
| Cash on hand | | - | 0.24 |
| Cash and cash equivalents for statement of cash flow | | 2,209.38 | 1,407.54 |

Previous year's figures have been regrouped wherever necessary to confirm to current year classification.

Amendment to Ind AS 7

Effective April 1, 2017, the company adopted the amendment to Ind AS 7, which requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance for liabilities arising from financing activities, to meet the disclosure requirement. The reconciliation is given as below:

| Particulars | 01-Apr-17 | Cash flow | Non - cash changes | | | 31-Mar-18 |
|-----------------------|-----------------|------------------|--------------------|----------------------------|--------------------|------------------|
| | | | Acquisition | Foreign Exchange Movements | Fair Value Changes | |
| Long term Borrowings | | | | | | |
| YBL TL1 | 7,500.00 | (150.00) | - | - | - | 7,350.00 |
| YBL TL2 | - | 13,962.00 | - | - | - | 13,962.00 |
| Loan from GIL | | 4,547.14 | - | - | - | 4,547.14 |
| Short term Borrowings | 1,632.52 | (1,632.52) | - | - | - | - |
| | 9,132.52 | 16,726.63 | - | - | - | 25,859.15 |

For M/S. P. Krishna & Co
ICAI Firm's Regn No.005473S
Chartered Accountants

A. Srinivasa Rao
(A. Srinivasa Rao)
Partner
Membership No. 208863



For and on behalf of the Board of Directors of
Raxa Security Services Limited

M R Reddy
M R Reddy
Director
DIN : 00286418

S I S Ahmed
S I S Ahmed
Director
DIN : 06498734

Place: Bengaluru
Date: 30th Apr, 2018

Chandra Ramakumari K
Chandra Ramakumari K
CFO

Arvind Kumar
Arvind Kumar
Company Secretary



Raxa Security Services Limited
No. 25/1, Skip House, Museum Road, Bangalore - 560025
Statement of Changes in Equity for the period ended 31st March, 2018

| Particulars | Equity share capital | Reserves and surplus | Items of OCI | | Total Equity |
|--|----------------------|----------------------|-----------------|-----------------|-----------------|
| | | | FVTOCI Reserve | General reserve | |
| As at 31st March 2016 | 1,797.80 | | | | 2,338.17 |
| Profit for the period | - | 540.37 | - | - | 505.34 |
| Other comprehensive income | - | 505.34 | - | - | (249.25) |
| Total comprehensive income | | | | | 256.09 |
| Issue of share capital | 1,846.15 | | | | 2,400.00 |
| Transaction costs | - | 553.85 | - | - | - |
| Dividends | - | - | - | - | - |
| Dividend distribution tax | - | - | - | - | - |
| As at 31st March 2017 | 3,643.95 | | | | 4,994.26 |
| Profit for the period | - | 1,045.71 | (249.25) | - | 416.44 |
| Other comprehensive income | - | 416.44 | (367.27) | - | (367.27) |
| Total comprehensive income | | | | | 49.17 |
| Issue of share capital | - | 416.44 | (367.27) | - | - |
| Transaction costs | - | - | - | - | - |
| Cash dividends | - | - | - | - | - |
| Dividend distribution tax on cash dividend | - | - | - | - | - |
| Non-cash distributions to owners | - | - | - | - | - |
| At 31 March 2018 | 3,643.95 | 1,462.15 | (616.52) | | 5,043.43 |

(Rs in Lakhs)

For M/S. P. Krishna & Co
 ICAI Firm's Regn No.005473S
 Chartered Accountants



A. Srinivasa Rao

(A. Srinivasa Rao)
 Partner
 Membership No. 208863

For and on behalf of the Board of Directors of
 Raxa Security Services Limited

M R Reddy

M R Reddy
 Director
 DIN : 00286418

S I S Ahmed

S I S Ahmed
 Director
 DIN : 06498734

Arvind Kumar

Arvind Kumar
 Company Secretary

Place: Bengaluru
 Date: 30th Apr, 2018

3 Property, plant and equipment

(Rs in Lakhs)

| Particulars | Land - Freehold | Roads & Buildings | Plant & machinery | Office equipment | Furniture & fixtures | Electrical fittings | Vehicles | Computers | Biological Assets | Capital work in progress | Total |
|---------------------|-----------------|-------------------|-------------------|------------------|----------------------|---------------------|----------|-----------|-------------------|--------------------------|----------|
| Cost | | | | | | | | | | | |
| As at 31.03.2016 | 636.48 | 2,451.02 | 171.88 | 52.35 | 155.07 | 109.96 | 34.05 | 32.11 | - | - | 3,642.92 |
| Additions | 12.90 | - | 3.04 | 4.32 | 1.39 | 3.73 | 6.81 | 7.16 | 30.50 | 3.32 | 73.16 |
| Disposals | - | - | - | 0.09 | 1.89 | 0.00 | 3.28 | 0.00 | - | - | 5.26 |
| As at 31.03.2017 | 649.38 | 2,451.02 | 174.92 | 56.58 | 154.57 | 113.69 | 37.58 | 39.26 | 30.50 | 3.32 | 3,710.82 |
| Additions | - | - | 6.32 | 11.39 | 2.16 | 3.41 | 14.39 | 13.06 | - | - | 50.73 |
| Disposals | - | - | - | - | - | 2.35 | 3.99 | 0.01 | - | 3.32 | 9.66 |
| As at 31.03.2018 | 649.38 | 2,451.02 | 181.24 | 67.97 | 156.73 | 114.75 | 47.98 | 52.32 | 30.50 | - | 3,751.89 |
| Depreciation | | | | | | | | | | | |
| As at 31.03.2016 | - | 67.02 | 31.99 | 15.45 | 48.84 | 30.55 | 9.78 | 11.86 | - | - | 215.49 |
| Additions | - | 67.03 | 32.65 | 13.05 | 31.23 | 30.63 | 3.83 | 9.01 | - | - | 187.43 |
| Disposals | - | - | - | - | - | - | - | - | - | - | - |
| As at 31.03.2017 | - | 134.05 | 64.64 | 28.50 | 80.07 | 61.18 | 13.61 | 20.87 | - | - | 402.92 |
| Charge for the year | - | 67.02 | 33.03 | 9.94 | 29.46 | 30.68 | 4.28 | 6.81 | 6.10 | - | 187.32 |
| Deductions | - | - | - | - | - | 0.71 | - | - | - | - | 0.71 |
| As at 31.03.2018 | - | 201.07 | 97.67 | 38.44 | 109.53 | 91.15 | 17.89 | 27.68 | 6.10 | - | 589.53 |
| Net block | | | | | | | | | | | |
| As at 31.03.2018 | 649.38 | 2,249.95 | 83.57 | 29.53 | 47.19 | 23.61 | 30.08 | 24.64 | 24.40 | - | 3,162.35 |
| As at 31.03.2017 | 649.38 | 2,316.97 | 110.28 | 28.08 | 74.50 | 52.51 | 23.97 | 18.39 | 30.50 | 3.32 | 3,307.90 |
| As at 31.03.2016 | 636.48 | 2,384.00 | 139.89 | 36.90 | 106.23 | 79.41 | 24.27 | 20.25 | - | - | 3,427.43 |

Net book value

| | | | |
|-------------------------------|-----------|-----------|-----------|
| | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
| Plant, property and equipment | 3,162.35 | 3,304.58 | 3,427.43 |
| Capital work in progress | - | 3.32 | - |

Charge on Assets

Land, Buildings and other Fixed Assts which are subject to a first charge to secure Group's bank loans.



4 Other current assets

(Rs in Lakhs)

| Particulars | Non - Current | | Current | |
|---|---------------|-----------|---------------|---------------|
| | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 |
| Advances other than capital advance | | | | |
| Advances to suppliers | - | - | 41.61 | 41.63 |
| Advances to employees | - | - | 60.23 | 39.02 |
| Less: provision for doubtful advances | - | - | - | - |
| Total A | - | - | 101.84 | 80.65 |
| Others | | | | |
| Prepaid expenses | - | - | 12.91 | 13.68 |
| Balance with statutory / government Authorities | - | - | 7.46 | 11.36 |
| VAT Receivable (Net) | - | - | - | 7.74 |
| Service Tax Receivable (Net) | - | - | - | 29.09 |
| Advance Tax (net of provisions) | - | - | 492.04 | 402.00 |
| Total B | - | - | 512.41 | 463.87 |
| Total other assets (A+B) | - | - | 614.25 | 544.53 |

5 Deferred tax asset / liability

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|-----------------|-----------------|
| Deferred tax liability: | | |
| Depreciation | (353.50) | (376.89) |
| Amortisation of Transaction Cost on loans | (335.39) | - |
| Gross deferred tax liability | (688.89) | (376.89) |
| Deferred tax asset: | | |
| Depreciation | - | - |
| Carry forward losses / unabsorbed depreciation | 107.73 | 214.76 |
| Provision for bonus | 16.74 | 2.67 |
| Provision for gratuity | 374.87 | 260.16 |
| Provision for leave encashment | 165.37 | 148.64 |
| Provision for doubtful debts | 185.80 | 60.02 |
| Expenses of which tax is not deducted | 7.59 | 5.85 |
| Gross deferred tax asset | 858.10 | 692.09 |
| Deferred tax asset / liability (net) | 169.21 | 315.20 |
| Reconciliations of net deferred tax liabilities / (assets) | | |
| Opening balance as at beginning of the year | 315.20 | - |
| Tax income/(expense) during the period recognised in profit or loss | (145.99) | 315.20 |
| Tax income/(expense) during the period recognised in OCI | - | - |
| Closing balance as at March 31, 2018 | 169.21 | 315.20 |

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.

Deferred tax asset has not been recognised on unabsorbed losses on the grounds of prudence in view of the management's assessment of future profitability. The Company has recognised deferred tax asset on unabsorbed depreciation and carried forward losses only to the extent of deferred tax liability.

As the timing differences are originating and reversing within the tax holiday period under the provisions of section 80-IA of the IT Act, deferred tax has not been recognised.

6 Inventories

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|-------------|--------------|
| Uniform / Other Accessories | 8.58 | 8.81 |
| Trading Goods | 0.04 | 64.93 |
| Total Inventories (Valued at lower of cost or NRV) | 8.62 | 73.75 |



7 Financial Assets - Trade receivables

(Rs in Lakhs)

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|-----------------|-----------------|
| Trade receivables | | |
| Secured, considered good | - | - |
| Related parties | - | - |
| Others | - | - |
| Unsecured, considered good | 5,087.72 | 4,562.22 |
| Related parties | 2,610.21 | 2,320.13 |
| Other receivables | 2,477.51 | 2,242.09 |
| Less: Allowances for doubtful receivables, including allowance for expected credit losses | 601.29 | 185.00 |
| Total Trade receivables | 4,486.43 | 4,377.22 |

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person.

Trade receivables are non-interest bearing.

8 Financial Assets - Cash and Cash Equivalent

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---------------------------------------|---------------|--------------|
| Cash and cash equivalents | | |
| Balances with Banks | | |
| - In current accounts | 301.80 | 29.10 |
| Cash on hand | - | 0.24 |
| Total Cash and Cash Equivalent | 301.80 | 29.34 |

9 Financial Assets - Bank balances other than cash and cash equivalents

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|-----------------|-----------------|
| Balances with Banks | | |
| - Deposits with remaining maturity of less than 12 months | 895.00 | 1,350.00 |
| -Margin money deposits | 1,012.58 | 28.21 |
| Total Bank balances other than cash and cash equivalents | 1,907.58 | 1,378.21 |

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

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|-----------------|-----------------|
| Balances with banks: | | |
| - In current accounts | 301.80 | 29.10 |
| - Deposits with original maturity of less than three months | - | - |
| - Deposits with remaining maturity of less than 12 months | 895.00 | 1,350.00 |
| -Margin money deposits | 1,012.58 | 28.21 |
| Cash on hand | - | 0.24 |
| Cash and cash equivalents for statement of cash flow | 2,209.38 | 1,407.54 |



10 Financial Assets - Loans and advances

| Particulars | Non - Current | | Current | |
|---|-----------------|-----------------|------------------|--------------|
| | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 |
| Security Deposit | | | | |
| Unsecured, considered good | 7,100.00 | 6,750.00 | 15,000.00 | - |
| Security deposit includes deposits with related parties | | | | |
| Unsecured, considered doubtful | - | - | - | - |
| Provision for doubtful deposits | 7,100.00 | 6,750.00 | 15,000.00 | - |
| Total (A) | 7,100.00 | 6,750.00 | 15,000.00 | - |
| Other loans | | | | |
| Unsecured, considered good | 500.00 | - | 335.00 | - |
| Loan to related parties | - | - | 99.82 | 70.01 |
| Loan to employees | - | - | - | - |
| Total (B) | 500.00 | - | 434.82 | 70.01 |
| Total (A+B) | 7,600.00 | 6,750.00 | 15,434.82 | 70.01 |
| Security deposit includes deposits with related parties: | | | | |
| GMR Krishnagiri SEZ Limited (GKSL) | - | - | 15,000.00 | - |
| GMR Infrastructure Limited (GIL - Corporate) | 6,600.00 | 6,750.00 | - | - |
| GMR Infrastructure Limited (GIL - DFCC) | 500.00 | - | - | - |
| Total | 7,100.00 | 6,750.00 | 15,000.00 | - |
| Loan to related parties considered good include : | | | | |
| Kakinada SEZ Limited (KSL) | 500.00 | - | 335.00 | - |
| Total | 500.00 | - | 335.00 | - |

Security deposit includes deposits with related parties:

GIL - Corporate :

Security deposit placed with GMR Infrastructure Limited of Rs. 6,600.00 Lacs (PY Rs. 6,750.00 Lacs) at an interest rate of 11.35% is subject to first charge to secure term loan received from Yes Bank.

GMR Krishnagiri SEZ Limited

Capital advance of Rs 150.00 Cr given to GMR Krishnagiri SEZ Limited (GKSL) for identifying and developing premises for offering new business opportunities and intends to avail the premises for its own use/training center. The amount placed as security deposit shall continue to be held by GKSL until the termination of memorandum or the definitive documents, as may be mutually agreed. The security deposit shall be in the nature of non-interest bearing deposit. This Memorandum will terminate on the date of execution of the Defenative Documents or as mutually agreed between the parties. In the event that GKSL fails to consummate the development within a reasonably expeted time, but no later than 3 years or such further period as mutually extended by RAXA and GKSL, Security deposit will be returned along with interest as mutually agreed.

GIL - DFCC :

Security deposit placed with GMR Infrastructure Limited of Rs. 500.00 Lacs at an interest rate of 11.35% is subject to first charge to secure term loan received from Yes Bank.

Kakinada SEZ Limited :

Unsecured long term loan of Rs 500.00 Lacs given to Kakinada SEZ Limited at an interest of 12.50% payable after 3 years

Unsecured short term loan of Rs 335.00 Lacs given to Kakinada SEZ Limited at an interest of 12.50% payable with in a year



11 Financial Assets - Others

| Particulars | Non - Current | | Current | |
|-------------------------------------|---------------|-----------|-----------------|---------------|
| | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 |
| Carried at amortised cost | | | | |
| Interest accrued on fixed deposits | - | - | 29.78 | 23.97 |
| Interest accrued on loans | - | - | 1,522.49 | - |
| Deposits with Others | - | - | 64.58 | 60.73 |
| Unbilled Revenue | - | - | 129.03 | 158.45 |
| Total other financial assets | - | - | 1,745.89 | 243.16 |

(a) Financial assets and liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2018 and March 31, 2017.

As at March 31, 2018

| Particulars | Fair value through statement of profit or loss | Derivative instruments not in hedging relationship | Amortised cost | Total Carrying value | Total Fair value |
|---|--|--|------------------|----------------------|------------------|
| Financial assets | | | | | |
| (i) Loans | - | - | - | - | - |
| (ii) Trade receivables | - | - | 4,486.43 | 4,486.43 | 4,486.43 |
| (iii) Cash and cash equivalents | - | - | 301.80 | 301.80 | 301.80 |
| (iv) Bank balances other than cash and cash equivalents | - | - | 1,907.58 | 1,907.58 | 1,907.58 |
| (v) Other financial assets | - | - | 1,745.89 | 1,745.89 | 1,745.89 |
| Total | - | - | 8,441.70 | 8,441.70 | 8,441.70 |
| Financial liabilities | | | | | |
| (i) Borrowings | - | - | 25,859.15 | 25,859.15 | 25,859.15 |
| (ii) Trade payables | - | - | 234.46 | 234.46 | 234.46 |
| (vi) Other financial liabilities | - | - | 1,414.07 | 1,414.07 | 1,414.07 |
| (vii) Financial guarantee contracts | - | - | - | - | - |
| Total | - | - | 27,507.67 | 27,507.67 | 27,507.67 |

As at March 31, 2017

| Particulars | Fair value through statement of profit or loss | Derivative instruments not in hedging relationship | Amortised cost | Total Carrying value | Total Fair value |
|---|--|--|------------------|----------------------|------------------|
| Financial assets | | | | | |
| (i) Loans | - | - | 6,820.01 | 6,820.01 | 6,820.01 |
| (ii) Trade receivables | - | - | 4,377.22 | 4,377.22 | 4,377.22 |
| (iii) Cash and cash equivalents | - | - | 29.34 | 29.34 | 29.34 |
| (iv) Bank balances other than cash and cash equivalents | - | - | 1,378.21 | 1,378.21 | 1,378.21 |
| (v) Other financial assets | - | - | 243.16 | 243.16 | 243.16 |
| Total | - | - | 12,847.93 | 12,847.93 | 12,847.93 |
| Financial liabilities | | | | | |
| (i) Borrowings | - | - | 9,132.52 | 9,132.52 | 9,132.52 |
| (ii) Trade payables | - | - | 315.96 | 315.96 | 315.96 |
| (vi) Other financial liabilities | - | - | 802.88 | 802.88 | 802.88 |
| (vii) Financial guarantee contracts | - | - | - | - | - |
| Total | - | - | 10,251.36 | 10,251.36 | 10,251.36 |



12 Equity Share Capital

(Rs in Lakhs)

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|-----------------|-----------------|
| Authorised : | | |
| 4,00,00,000 Equity Shares of Rs.10/- Each | 4,000.00 | 4,000.00 |
| | 4,000.00 | 4,000.00 |
| Issued, subscribed and fully paid up: | | |
| 3,64,39,540 (31st March 2017: 3,64,39,540) Equity Shares of Rs.10/- Each Fully paid | 3,643.95 | 3,643.95 |
| Total Equity Share Capital | 3,643.95 | 3,643.95 |

a. Reconciliation of Shares Outstanding at the beginning and end of the reporting year

| Equity Shares | 31-Mar-18 | | 31-Mar-17 | |
|---|-------------------|-----------------|-------------------|-----------------|
| | In Nos' | Value | In Nos' | Value |
| At the beginning of the year | 36,439,540 | 3,643.95 | 36,439,540 | 3,643.95 |
| Issued during the year | - | - | - | - |
| Outstanding at the end of the year | 36,439,540 | 3,643.95 | 36,439,540 | 3,643.95 |

b. Terms/Rights Attached to equity Shares

The Company has only one class of equity shares having par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d. Shares held by holding /ultimate holding company /holding company and/or their subsidiaries/associates.

| Name of Shareholder | 31-Mar-18 | | 31-Mar-17 | |
|--|--------------------|-----------------|--------------------|-----------------|
| | No. of Shares held | Amount | No. of Shares held | Amount |
| GMR Aerostructure Services Limited (GASL) | 36,439,040 | 3,643.90 | | |
| GMR SEZ and Port Holdings Private Limited (GSPHPL) | | | 36,438,940 | 3,643.89 |
| | 36,439,040 | 3,643.90 | 36,438,940 | 3,643.89 |

e. Details of Shareholders holding more than 5% of equity shares in the Company

| Name of Shareholder | 31-Mar-18 | | 31-Mar-17 | |
|--|--------------------|--------------------|--------------------|--------------------|
| | No. of Shares held | % Holding in Class | No. of Shares held | % Holding in Class |
| GMR Aerostructure Services Limited (GASL) | 36,439,040 | 100% | | |
| GMR SEZ and Port Holdings Private Limited (GSPHPL) | | | 36,438,940 | 100% |
| | 36,439,040 | 100% | 36,438,940 | 100% |

As per records of the Company including its register of share holders/members and other declarations received from share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

13 Other Equity

| Particulars | 31-Mar-18 | 31-Mar-17 |
|--|-----------------|-----------------|
| Surplus in the statement of profit and loss | | |
| Balance as per last financial statements | 1,045.71 | 540.37 |
| Add: Net profit for the year | 416.44 | 505.34 |
| Net surplus in the statement of profit and loss | 1,462.15 | 1,045.71 |
| Securities premium | 553.85 | 553.85 |
| Other items of Comprehensive Income | | |
| Opening balance of OCI | (249.25) | |
| Re-measurement (losses) / gains on post employment defined benefit plans | (367.27) | (249.25) |
| | (616.52) | (249.25) |
| Total Other Equity | 1,399.48 | 1,350.31 |



14 Financial liabilities - Borrowings

(Rs in Lakhs)

| Particulars | Non - Current | | Current | |
|---|------------------|-----------------|-----------|-----------------|
| | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 |
| Term Loans: | | | | |
| From banks | | | | |
| Indian rupee term loan from banks (Secured) | 21,312.00 | 7,500.00 | - | - |
| Loans from related parties | | | | |
| Loans from Group Company (M/s GMR Infrastructure Limited) | 4,547.14 | - | - | - |
| Other Loans | | | | |
| Secured Overdraft - Andhra Bank | - | - | - | 1,632.52 |
| Total Borrowings | 25,859.15 | 7,500.00 | - | 1,632.52 |

Yes bank loan terms: Loan from YES bank of Rs 75 Crore carries an interest rate of 10.85% p.a. (1 year MCLR rate plus 1.45%) payable on monthly basis. The loan is repayable in 28 quarterly instalments commencing from October 2017. The loan is secured by way of a irrevocable Corporate Guarantee issued by GMR Infrastructure Limited (GIL), charge on present and future assets of the company created out of the term loan, charge on 10% of FD margin of the outstanding facility amount, mortgage of various immovable properties of the group and pledge of the shares of various companies of the group.

Loan from YES bank of Rs. 150 Crore carries an interest rate of 12.00% p.a (1 year MCLR rate plus 3.20%) payable on monthly basis. The loan is repayable in 24 half-yearly instalments commencing from May, 2018. The loan is secured by way of a irrevocable Corporate Guarantee issued by GMR Infrastructure Limited (GIL), charge on assets of the company created out of the term loan, charge on 6% of margin in form of Current Investment of the outstanding facility amount, mortgage of various immovable properties of the group and pledge of the shares of various companies of the group.

Unsecured loan from M/s GMR Infrastructure Limited: Loan taken from GIL at a simple interest rate of 12.25% p.a for a period of 5 years. Principal and interest repayable at the end of loan term.

15 Financial liabilities - Trade payables

| Particulars | Non - Current | | Current | |
|---------------------------------------|---------------|-----------|---------------|---------------|
| | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 |
| Trade Payable | | | | |
| - Micro, Small and Medium Enterprises | - | - | - | - |
| - Related parties | - | - | 2.60 | 51.74 |
| - Other payables | - | - | 231.86 | 264.22 |
| Total Trade payables | - | - | 234.46 | 315.96 |

16 Other Financial Liabilities

| Particulars | Non - Current | | Current | |
|--|---------------|---------------|---------------|---------------|
| | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 |
| Other financial liabilities at amortised cost | | | | |
| Security Deposit from Customers* | 603.24 | 651.44 | - | - |
| Payable to Employees | - | - | 169.95 | 63.71 |
| Retention Money from Suppliers / Contractors | - | - | 13.83 | 18.62 |
| Interest Payable | - | - | 627.05 | 69.11 |
| Total other financial liabilities at amortised cost | 603.24 | 651.44 | 810.83 | 151.44 |

*Security Deposits from Customers will be paid at the time termination of contract.



17 Other Liabilities

| Particulars | Non - Current | | Current | |
|--------------------------------|---------------|-----------|---------------|---------------|
| | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 |
| Advance from customer | - | - | 25.54 | 51.41 |
| Statutory liabilities | | | | |
| Provident fund payable | - | - | 157.39 | 125.70 |
| GST Payable | - | - | 310.59 | - |
| Tax deducted at source payable | - | - | 21.73 | 27.09 |
| ESI and PT payable | - | - | 47.37 | 40.65 |
| Other Liabilities | - | - | 54.54 | 31.11 |
| Total Other Liabilities | - | - | 617.17 | 275.97 |

18 Provisions

| Particulars | Long-term | | Short-term | |
|--|---------------|---------------|-----------------|---------------|
| | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 |
| Provision for employee benefits | | | | |
| Provision for Gratuity | 727.67 | 530.05 | 485.50 | 271.80 |
| Provision for Compensated Absences | 189.76 | 178.06 | 345.43 | 280.06 |
| Provisions Spr annuation | 1.27 | 1.26 | - | - |
| | 918.70 | 709.37 | 830.93 | 551.86 |
| Other provision | | | | |
| Provision for Outstanding Expenses | - | - | 513.04 | 306.49 |
| | - | - | 513.04 | 306.49 |
| Total Provisions | 918.70 | 709.37 | 1,343.97 | 858.35 |

Provisions

| Particulars | Provisions for operations & Maintenance | Provision for asset retirement obligations / decommissioning | Total |
|--|---|--|---------------|
| As at April 01, 2016 | 1.26 | - | 1.26 |
| Provision made during the year | 296.58 | - | 296.58 |
| Notional interest on account of unwinding of financial liabilities | - | - | - |
| Amount reversed on account of revision in useful life of plant | - | - | - |
| Amount used during the year | - | - | - |
| As at March 31, 2017 | 297.84 | - | 297.84 |
| Provision made during the year | 8.65 | - | 8.65 |
| Notional interest on account of unwinding of financial liabilities | - | - | - |
| Amount reversed on account of revision in useful life of plant | - | - | - |
| Amount used during the year | - | - | - |
| As at March 31, 2018 | 306.49 | - | 306.49 |
| Balances as at March 31, 2017 | | | |
| Current | 297.84 | - | 297.84 |
| Non-current | - | - | - |
| Balances as at March 31, 2018 | | | |
| Current | 306.49 | - | 306.49 |
| Non-current | - | - | - |



19 Revenue from Operations

(Rs in Lakhs)

| Particulars | Period Ended 31-Mar-18 | Year Ended 31-Mar-17 |
|--------------------------------------|---------------------------|-------------------------|
| Manpower Security Services | 16,110.77 | 13,288.15 |
| Systems | 204.95 | 464.45 |
| Total Revenue from Operations | 16,315.72 | 13,752.60 |

20 Other Income

| Particulars | Period Ended 31-Mar-18 | Year Ended 31-Mar-17 |
|--------------------------------|---------------------------|-------------------------|
| Interest on advances | 2,447.13 | 326.51 |
| Interest on bank deposits | 96.33 | 68.28 |
| Interest on loans | 25.44 | 18.02 |
| Other Interest | 26.77 | 19.96 |
| Profit on sale of Mutual Funds | 50.55 | - |
| Total Other Income | 2,646.22 | 432.77 |

21 Employee Benefits Expense

| Particulars | Period Ended 31-Mar-18 | Year Ended 31-Mar-17 |
|--|---------------------------|-------------------------|
| Salaries, wages and bonus | 11,261.26 | 9,159.71 |
| Contribution to provident and other fund | 1,094.14 | 739.53 |
| Gratuity expenses | 532.95 | 346.17 |
| Professional & Consultancy Charges | 224.16 | 320.74 |
| Security Charges-Outsourcing | 193.15 | 274.53 |
| Staff welfare expense | 9.61 | 14.44 |
| Total Employee Benefits Expense | 13,315.26 | 10,855.12 |

Gratuity and other post-employment benefit plans
a) Defined contribution plans

The Company has recognized, in the statement of Profit and Loss contribution to Provident and other funds under employee benefit expense, being expenses debited under the following defined contribution plan:

| Particulars | Provident fund | |
|--|---------------------------|---------------------------|
| | Period Ended 31-Mar-18 | Period Ended 31-Mar-17 |
| Provident Fund and Employee's Pension Scheme | 965.08 | 651.66 |
| Total | 965.08 | 651.66 |

a) Defined benefit plans
Gratuity

The company has a defined gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days' salary (based on last drawn basic salary) for each completed year of service. Gratuity liability is a defined benefit obligation which is funded with an insurance corporation of India and Liability (net of fair value of investment in LIC) is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss/OCI and amounts recognised in the balance sheet for defined benefit plans/obligations:

Statement of profit and loss

(i) Net employee benefit expense (recognized in Employee Cost) for the year ended 31st March, 2018

| Particulars | Gratuity | |
|----------------------|---------------------------|---------------------------|
| | Period Ended 31-Mar-18 | Period Ended 31-Mar-17 |
| Current Service Cost | 136.70 | 94.54 |
| Net Interest Cost | 46.85 | 35.38 |

(ii) Remeasurement of (gain)/loss recognised in the other comprehensive income

| Particulars | Gratuity | |
|---------------------------------------|---------------------------|---------------------------|
| | Period Ended 31-Mar-18 | Period Ended 31-Mar-17 |
| Actuarial (gain)/ loss on obligations | 367.27 | 249.25 |



Balance sheet

| Particulars | As at 31-Mar-18 | As at 31-Mar-17 |
|---------------------------------|--------------------|--------------------|
| Defined benefit obligation | (1,222.98) | (827.29) |
| Fair value of plan assets | 9.80 | 25.44 |
| Plan asset / (liability) | (1,213.17) | (801.85) |

Changes in the present value of the defined benefit obligation are as follows:

| Particulars | As at 31-Mar-18 | As at 31-Mar-17 |
|---|--------------------|--------------------|
| Opening defined benefit obligation | 827.29 | 576.46 |
| Interest cost | 48.49 | 38.93 |
| Current service cost | 131.28 | 94.54 |
| Past service cost - plan amendments | 5.42 | 0.00 |
| Acquisition cost | 0.00 | (0.94) |
| Benefits paid (including transfer) | (139.15) | (86.45) |
| Actuarial losses/ (gain) - experience | 460.12 | 189.55 |
| Actuarial losses/ (gain) - financial assumption | (110.47) | 15.20 |
| Closing defined benefit obligation | 1,222.98 | 827.29 |

Changes in the fair value of plan assets are as follows:

| Particulars | As at 31-Mar-18 | As at 31-Mar-17 |
|--|--------------------|--------------------|
| Opening fair value of plan assets | 25.44 | 30.90 |
| Acquisition Adjustment | 0.00 | 0.90 |
| Interest Income on plan assets | 1.64 | 3.55 |
| Contributions by employer | 139.49 | 121.04 |
| Return on plan assets greater/ (lesser) than discount rate | (17.62) | (44.50) |
| Benefits paid (including transfer) | (139.15) | (86.45) |
| Closing fair value of plan assets | 9.80 | 25.44 |

Experience adjustments for the current and previous years are as follows:

| Particulars | As at 31-Mar-18 | As at 31-Mar-17 |
|---|--------------------|--------------------|
| Defined benefit obligation | (1,222.98) | (827.29) |
| Plan assets | 9.80 | 25.44 |
| Funded status | (1,213.17) | (801.85) |
| Experience (loss) adjustment on plan liabilities | 460.12 | 189.55 |
| Experience gain/ (loss) adjustment on plan assets | - | - |
| Actuarial gain due to change in assumptions | 367.27 | 249.25 |

The principal assumptions used in determining gratuity obligation for the Company's plans are shown below:

| Particulars | Gratuity | |
|--------------------------------|---|---|
| | As at 31-Mar-18 | As at 31-Mar-17 |
| Discount rate (in %) | 6.80% | 6.40% |
| Salary Escalation (in %) | 2.00% | 6.00% |
| Attrition rate (in %) | 40.00% | 40.00% |
| Medical cost trend rate (in %) | Indian Assured Lives Mortality (2006-08) (modified) Ult | Indian Assured Lives Mortality (2006-08) (modified) Ult |

A quantitative sensitivity analysis for significant assumption as at 31 March 2017 is as shown below:

Gratuity Plan

| Particulars | 31-Mar-18 | 31-Mar-17 |
|--|-----------|-----------|
| Discount Rate | 6.80% | 6.40% |
| Effect on DBO due to 1% Increase in Discount Rate | (22.28) | (16.85) |
| Effect on DBO due to 1% decrease in Discount Rate | 23.28 | 17.66 |
| Salary Escalation Rate | 2.00% | 6.00% |
| Effect on DBO due to 1% increase in Salary Escalation Rate | 24.23 | 17.40 |
| Effect on DBO due to 1% increase in Salary Escalation Rate | (23.57) | (17.00) |
| Attrition Rate | 40.00% | 40.00% |
| Effect on DBO due to 1% increase in Attrition Rate | (0.59) | (3.49) |
| Effect on DBO due to 1% increase in Attrition Rate | 0.50 | 3.54 |

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



22 Expenditure on Technical Projects

(Rs in Lakhs)

| Particulars | Period Ended 31-Mar-18 | Year Ended 31-Mar-17 |
|--|---------------------------|-------------------------|
| Cost of Goods Supplied | 45.02 | 220.71 |
| Equipment Installation | 162.50 | 125.91 |
| Total Expenditure on Technical Projects | 207.52 | 346.61 |

23 Changes in inventories of trading goods and work-in-progress

| Particulars | Period Ended 31-Mar-18 | Year Ended 31-Mar-17 |
|---|---------------------------|-------------------------|
| Closing stock | - | - |
| Work in Progress | - | - |
| Trading Goods | 0.04 | 64.93 |
| | 0.04 | 64.93 |
| Less : | | |
| Opening stock | - | 172.53 |
| Work in Progress | - | 102.15 |
| Trading Goods | 64.93 | 274.68 |
| | 64.93 | 274.68 |
| (Increase) / decrease | | |
| Work in Progress | - | 172.53 |
| Trading Goods | 64.90 | 37.21 |
| Changes in inventories of trading goods and work-in-progress | 64.90 | 209.75 |

24 Operational & Administrative Expenses

| Particulars | Period Ended 31-Mar-18 | Year Ended 31-Mar-17 |
|--|---------------------------|-------------------------|
| Rent | 77.87 | 186.45 |
| Facility Maintenance Expense | 148.40 | 181.05 |
| Food Expense | 133.62 | 402.76 |
| Travelling & conveyance | 236.73 | 337.94 |
| Uniform Expense | 110.21 | 144.33 |
| Rates & Taxes | 50.87 | 95.47 |
| Professional & Consultancy Fees | 86.37 | 66.81 |
| Communication | 33.17 | 42.93 |
| Training Expenses | 22.31 | 23.20 |
| Recruitment | 16.39 | 27.33 |
| Marketing Expense | 10.14 | 0.67 |
| Provision / write off of bad & doubtful debts | 416.29 | 85.00 |
| Repairs & Maintenance | 47.53 | 31.53 |
| Printing & Stationery | 10.76 | 15.76 |
| Insurance | 6.38 | 3.39 |
| Auditors' Remuneration | 2.02 | 2.13 |
| Loss on Assets | - | 3.45 |
| Directors Sitting Fee | 4.10 | 4.00 |
| Miscellaneous & Other Expenses | 8.03 | 16.96 |
| Total Operational & Administrative Expenses | 1,421.21 | 1,671.15 |

25 Finance Costs

| Particulars | Period Ended 31-Mar-18 | Year Ended 31-Mar-17 |
|---|---------------------------|-------------------------|
| Interest expense: | | |
| Interest on loan from banks | 2,422.98 | 347.79 |
| Interest on loan from related party (GIL) | 413.26 | 113.04 |
| Interest on working capital | 73.40 | 229.27 |
| Bank charges | 242.91 | 33.89 |
| Interest on Others | 0.76 | 1.19 |
| Total Finance Costs | 3,153.31 | 725.18 |

26 Depreciation and amortization expense

| Particulars | Period Ended 31-Mar-18 | Year Ended 31-Mar-17 |
|--|---------------------------|-------------------------|
| Depreciation of tangible assets | 187.32 | 187.43 |
| Total Depreciation and amortization expense | 187.32 | 187.43 |



Raxa Security Services Limited
No. 25/1, Skip House, Museum Road, Bangalore - 560025
Statement of Changes in Equity for the period ended 31st March, 2018

(Rs in Lakhs)

27. Contingent Liabilities:

Bank Guarantees issued by bank on behalf of company Rs. 209.78 Lakhs (PY Rs. 219.42 Lakhs) outstanding as on 31.03.2018.

28 Capital Commitments

| Particulars | Year ended 31-Mar-18 | Year ended 31-Mar-17 |
|--|-------------------------|-------------------------|
| Estimated value of contracts remaining to be executed on capital account, not provided for (net of advances) | - | - |

29 Segment Reporting

The Company operates in single segment i.e. provision of security and other related services and hence there are no reportable segments as per the requirements of standard on "Segment Reporting" issued by the Institute of Chartered Accountants of India.

30 Finance Lease Receivables

Finance lease receivables consist of assets that are leased to customers for period of 5 years, with lease payments due in quarterly installments. Details of finance lease receivables are given below

| Particulars | Minimum lease payment | |
|---|-------------------------|-------------------------|
| | Year ended 31-Mar-18 | Year ended 31-Mar-17 |
| Not later than one year | 50.10 | 50.10 |
| Later than one year but not later than five years | 112.72 | 162.82 |
| Later than five years | - | - |
| Unguaranteed residual values | - | - |
| Gross investment in lease | 162.82 | 212.91 |
| Less: Unearned finance income | 33.78 | 54.46 |
| Present value of minimum lease payment receivable | 129.04 | 158.45 |
| Included in the financial statements as follows: | | |
| Current finance lease receivables | 50.10 | 50.10 |
| Non-current finance lease receivables | 112.72 | 162.82 |

31 Related Party Transactions

a) Name of Related Parties and description of relationship:

(i) Enterprises that control the Company

GMR Enterprise Private Limited (GEPL) (Ultimate Holding Company)
GMR Infrastructure Limited (GIL) (Parent of Holding Company)
GMR Aerostructure Services Limited (GASL) (Holding Company)

(ii) Subsidiary/Joint Venture/Associate Companies: Nil

(iii) Fellow Subsidiary Companies

Delhi International Airport Limited (DIAL)
GMR Aero Technic Limited (GATL) (formerly known as MAS GMR Aero Technic Limited)
GMR Airports Limited (GAL)
GMR Ambala Chandigarh Expressways Private Limited (GACEPL)
GMR Aviation Private Limited (GAPL)
GMR Bajoli Holi Hydropower Private Limited (GBHHPL)
GMR Chennai Outer Ring Road Private Limited (GCCRPL)
GMR Chhattisgarh Energy Limited (GCHEPL)
GMR Warora Energy Limited (GWEL) (formerly known as GMR EMCO Energy Limited)
GMR Energy Limited (GEL)
GMR Hyderabad Aviation SEZ Limited (GHASL)
GMR Hyderabad International Airport Limited (GHIAL)
GMR Kamalanga Energy Limited (GKEL)
GMR Krishnagiri SEZ Limited (GKSEZ)
GMR Hyderabad Vijayawada Expressways Private Limited (GHVEPL)
GMR Pochanpalli Expressways Limited (GPEPL)
GMR Power Corporation Limited (GPCL)



GMR Rajahmundry Energy Limited (GREL)
 GMR Sports Private Limited (GSPL)
 GMR Tambaram Tindivanam Expressways Limited (GTTEPL)
 Hyderabad Duty Free Retail Limited (HDFRL)
 Hyderabad Menzies Air Cargo Private Limited (HMACPL)
 Kakinada SEZ Private Limited (KSPL)
 Padmapriya Properties Private Limited (PAPPL)
 GMR Vemagiri Power Generation Limited (GVPGL)
 GMR Business Process and Services Private Limited (GBPSPL)
 Dhruvi Securities Private Limited (DSPL)
 Asteria Real Estates Private Limited (AREPL)
 Advika Properties Private Limited (APPL)
 Aklima Properties Private Limited (AKPPL)
 Amartya Properties Private Limited (AMPPL)
 Baruni Properties Private Limited (BPPL)
 Krishnapriya Properties Private Limited (KPPL)
 Nadira Properties Private Limited (NPPL)
 Prakalpa Properties Private Limited (PPPL)
 Purnachandra Properties Private Limited (PUPPL)
 Shreyadita Properties Private Limited (SPPL)
 Sreepa Properties Private Limited (SRPPL)
 Deepesh Properties Private Limited (DPPL)
 Radhapriya Properties Private Limited (RPPL)
 Lilliam Properties Private Limited (LPPL)
 GMR Corporate Affairs Private Limited (GCAPL)
 Delhi Airport Parking Services Private Limited (DAPSL)
 GMR Energy Trading Limited (GETL)

(iv) **Enterprises under the same management**

GMR Varalakshmi Foundation (GMRVF)
 GMR Institute Of Technology (GIT)
 GMR School Of Business (GSB)
 GMR Family Fund Trust (GFFT)

(v) **Key management personnel and their relatives**

Mr. G M Rao (Group Chairman)
 Mr. P M Kumar (Director)
 Mr. G B S Raju (Director)
 Mr. M R Reddy (Director)
 Mr. C V Rao (Director) (Resigned w.e.f. 30th November, 2016)
 Mr. G U G Sastry (CEO)
 Ms. Chandra Ramakumari K (CFO)
 Mr. Arvind Kumar (Company Secretary)
 Ms. G Varalakshmi (Relative)
 Ms. B Ramadevi (Relative)

(b) **Summary of transactions with the above related parties is as follows:**

| Entity Name | Year ended 31-Mar-18 | Year ended 31-Mar-17 |
|---|-------------------------|-------------------------|
| Revenue from Operations | | |
| Delhi International Airport Private Limited (DIAL) | 2,321.09 | 1,798.36 |
| GMR Aero Technic Limited (GATL) | 24.30 | 22.68 |
| GMR Airports Limited (GAL) | 51.51 | 54.26 |
| GMR Ambala Chandigarh Expressways Private Limited (GACEPL) | 267.37 | 172.58 |
| GMR Aviation Private Limited (GAPL) | 16.76 | 20.16 |
| GMR Bajoli Holi Hydropower Private Limited (GBHHPL) | 72.55 | 62.88 |
| GMR Chennai Outer Ring Road Private Limited (GCORRPL) | 22.05 | 23.05 |
| GMR Chhattisgarh Energy Limited (GCHEPL) | 425.63 | 435.82 |
| GMR Warora Energy Limited (formErly known as EMCO) | 432.30 | 473.93 |
| GMR Energy Limited (GEL) | - | 31.07 |
| GMR Hyderabad Aviation SEZ Limited (GHASL) | 14.89 | 14.89 |
| GMR Hyderabad International Airport Limited (GHIAL) | 1,598.97 | 1,193.79 |
| GMR Hyderabad Vijayawada Expressways Private Limited (GHVEPL) | 637.15 | 532.13 |
| GMR Infrastructure Limited (GIL) | 676.90 | 641.84 |



| Entity Name | Year ended 31-Mar-18 | Year ended 31-Mar-17 |
|--|-------------------------|-------------------------|
| GMR Kamalanga Energy Limited (GKEL) | 634.85 | 609.02 |
| GMR Krishnagiri SEZ Limited (GKSEZ) | 29.80 | 36.47 |
| GMR Pochanpalli Expressways Limited (GPEPL) | 65.75 | 51.10 |
| GMR Power Corporation Limited (GPCL) | - | 18.12 |
| GMR Rajahmundry Energy Limited (GREL) | 62.36 | 71.95 |
| GMR Tambaram Tindivanam Expressways Limited (GTTEPL) | 0.82 | 11.97 |
| Hyderabad Duty Free Retail Limited (HDFRL) | 31.60 | 37.13 |
| Hyderabad Menzies Air Cargo Private Limited (HMACPL) | 60.55 | 108.25 |
| Kakinada SEZ Private Limited (KSPL) | 160.70 | 155.08 |
| Padmapriya Properties Private Limited (PAPPL) | 28.71 | 33.22 |
| GMR Vemagiri Power Generation Limited (GVPGL) | 101.82 | 105.41 |
| GMR Business Process and Services Private Limited (GBPSPL) | 28.89 | 28.23 |
| Dhruvi Securities Private Limited (DSPL) | 44.37 | 23.00 |
| GMR Corporate Affairs Private Limited (GCAPL) | 55.02 | 0.60 |
| Delhi Airport Parking Services Private Limited (DAPSL) | 727.54 | 406.86 |
| Asteria Real Estates Private Limited (AREPL) | 8.80 | 2.40 |
| Advika Properties Private Limited (APPL) | 0.90 | 0.45 |
| Aklima Properties Private Limited (AKPPL) | 0.90 | 0.45 |
| Amartya Properties Private Limited (AMPPL) | 0.90 | 0.45 |
| Baruni Properties Private Limited (BPPL) | 0.90 | 0.45 |
| Krishnapriya Properties Private Limited (KPPL) | 0.90 | 0.45 |
| Nadira Properties Private Limited (NPPL) | 0.90 | 4.47 |
| Prakalpa Properties Private Limited (PPPL) | 0.90 | 0.45 |
| Purnachandra Properties Private Limited (PUPPL) | 4.20 | 2.10 |
| Shreyadita Properties Private Limited (SPPL) | 15.60 | 1.80 |
| Sreepa Properties Private Limited (SRPPL) | 8.40 | 4.20 |
| Deepesh Properties Private Limited (DPPL) | 9.00 | 3.00 |
| Radhapriya Properties Private Limited (RPPL) | 1.20 | 0.60 |
| Lilliam Properties Private Limited (LPPL) | 1.20 | 0.60 |
| Honey Flower Estates Private Limited (HFEPL) | 14.21 | 3.04 |
| GMR Institute of Technology | 23.92 | 21.66 |
| GMR School of Business | 8.70 | 7.92 |
| GMR Family Fund Trust | 10.88 | 16.20 |
| GMR Sports Private Limited (GSPL) | 44.85 | 29.54 |
| GMR Varalakshmi Foundation (GMRVF) | 21.67 | 21.63 |
| Grandhi Kiran Kumar | 0.35 | 14.78 |
| | 8,773.53 | 7,310.49 |
| <u>Rent & Maintenance</u> | | |
| G Varalakshmi | 11.27 | 10.86 |
| B Ramadevi | 7.97 | 6.97 |
| | 19.24 | 17.83 |
| <u>Interest expense on Unsecured Loans</u> | | |
| GMR Infrastructure Limited (GIL) | 412.84 | 113.04 |
| | 412.84 | 113.04 |
| <u>Interest income on Deposits</u> | | |
| GMR Infrastructure Limited (GIL) | 782.91 | 326.51 |
| Kakinada SEZ Private Limited (KSPL) | 25.44 | |
| GMR Krishnagiri SEZ Limited (GKSEZ) | 1,643.53 | |
| | 782.91 | 326.51 |
| <u>Security Deposit given to Customer</u> | | |
| GMR Infrastructure Limited (GIL) | 7,100.00 | 6,750.00 |
| | 7,100.00 | 6,750.00 |
| <u>Loans Received during the year</u> | | |
| GMR Infrastructure Limited (GIL) | 6,431.14 | - |
| | 6,431.14 | - |



| Entity Name | Year ended 31-Mar-18 | Year ended 31-Mar-17 |
|---|-------------------------|-------------------------|
| Loans Repaid during the year | | |
| GMR Infrastructure Limited (GIL) | 1,884.00 | 2,400.00 |
| | 1,884.00 | 2,400.00 |
| Managerial remuneration paid during the year | | |
| Mr. M R Reddy | - | 6.00 |
| Mr. C V Rao (Resigned w.e.f. 30th November, 2016) | - | 49.32 |
| Mr. G U G Sastry (CEO) | 90.43 | 84.00 |
| Ms. Chandra Ramakumari K (CFO) | 31.30 | 26.71 |
| | 121.72 | 166.03 |

(c) Summary of balances with the above related parties is as follows:

| Entity Name | Year ended 31-Mar-18 | Year ended 31-Mar-17 |
|--|-------------------------|-------------------------|
| Security Deposit given to Customer | | |
| GMR Infrastructure Limited (GIL) | 7,100.00 | 6,750.00 |
| | 7,100.00 | 6,750.00 |
| Trade Receivables | | |
| GMR Hyderabad International Airport Limited (GHIAL) | 255.96 | 189.26 |
| Hyderabad Menzies Air Cargo Private Limited (HMACPL) | - | 9.81 |
| GMR Hyderabad Aviation SEZ Limited (GHASL) | 7.89 | 2.48 |
| Hyderabad Duty Free Retail Limited (HDFRL) | 5.91 | 7.13 |
| GMR Aero Technic Limited (GATL) (formerly known as MAS GMR Aero) | 2.03 | 1.89 |
| Delhi International Airport Private Limited (DIAL) | 105.42 | 241.20 |
| GMR Energy Limited (GEL) | 15.76 | 15.76 |
| GMR Warora Energy Limited (formErly known as EMCO) | 70.82 | 93.42 |
| GMR Power Corporation Limited (GPCL) | - | 63.86 |
| GMR Vemagiri Power Generation Limited (GVPGL) | 135.50 | 54.81 |
| GMR Rajahmundry Energy Limited (GREL) | 96.44 | 23.34 |
| GMR Kamalanga Energy Limited (GKEL) | 124.70 | 248.20 |
| GMR Chhattisgarh Energy Limited (GCHEPL) | 729.07 | 269.69 |
| GMR Bajoli Holi Hydropower Private Limited (GBHHPL) | 31.83 | 21.90 |
| GMR Tambaram Tindivanam Expressways Limited (GTTEPL) | - | 1.21 |
| GMR Pochanpalli Expressways Limited (GPEPL) | 14.88 | 5.00 |
| GMR Chennai Outer Ring Road Private Limited (GCCRPL) | 17.32 | 15.56 |
| GMR Ambala Chandigarh Expressways Private Limited (GACEPL) | 53.71 | 38.80 |
| GMR Hyderabad Vijayawada Expressways Private Limited (GHVEPL) | 296.18 | 145.37 |
| GMR Krishnagiri SEZ Limited (GKSEZ) | 13.79 | 0.42 |
| Padmapriya Properties Private Limited (PAPPL) | 25.41 | 0.00 |
| Kakinada SEZ Private Limited (KSPL) | 67.51 | 15.35 |
| Baruni Properties Private Limited (BPPL) | 0.18 | 0.52 |
| Nadira Properties Private Limited (NPPL) | 0.18 | 4.62 |
| Purnachandra Properties Private Limited (PUPPL) | 0.83 | 0.04 |
| GMR Infrastructure Limited (GIL) | 375.10 | 542.47 |
| GMR Airports Limited (GAL) | 42.02 | 91.43 |
| GMR Corporate Affairs Private Limited (GCAPL) | - | 0.69 |
| GMR Business Process and Services Private Limited (GBPSPL) | 9.94 | 32.42 |
| GMR Aviation Private Limited (GAPL) | 4.95 | 18.51 |
| Delhi Airport Parking Services Private Limited (DAPSL) | 124.14 | 107.90 |
| Dhruvi Securities Private Limited (DSPL) | - | 4.25 |
| GMR Institute of Technology | 4.51 | 1.82 |
| GMR Varalakshmi Care Hospital | - | 0.40 |
| Honey Flower Estates Private Limited (HFEPL) | 13.58 | 1.26 |
| GMR School of Business | 1.79 | 1.32 |
| GMR Varalakshmi Foundation | 6.21 | 7.17 |
| Kiran Kumar Grandhi | - | 11.93 |
| GMR Family Fund Trust | 0.45 | 2.15 |
| Boyance Infrastructure Private Limited | - | 0.61 |
| Jadcherla Expressways Private Limited (JEPL) (formerly known as GMR Jadcherla Expressways) | 61.31 | - |
| Deepesh Properties Private Limited (DPPL) | 7.96 | - |
| Shreyadita Properties Private Limited (SPPL) | 4.60 | - |
| Sreepa Properties Private Limited (SRPPL) | 4.12 | - |
| Asteria Real Estates Private Limited (AREPL) | 1.76 | - |
| Radhapriya Properties Private Limited (RPPL) | 0.57 | - |



| | | |
|--|---------------------------------|---------------------------------|
| Advika Properties Private Limited (APPL) | 0.53 | - |
| Lilliam Properties Private Limited (LPPL) | 0.25 | - |
| Aklima Properties Private Limited (AKPPL) | 0.18 | - |
| Amartya Properties Private Limited (AMPPL) | 0.18 | - |
| Krishnapriya Properties Private Limited (KPPL) | 0.18 | - |
| Prakalpa Properties Private Limited (PPPL) | 0.18 | - |
| GMR Sports Private Limited (GSPL) | (29.40) | - |
| GMR OSE Hungund Hospet Highways Private Limited (GOSEHHHPL) | 10.95 | - |
| Celebi Delhi Cargo Terminal Management India Private Limited (CDCTM) | 208.18 | - |
| TIM Delhi Airport Advertising Private Limited (TIM) | 40.00 | - |
| | 2,965.52 | 2,293.97 |
| Entity Name | Year ended 31-Mar-18 | Year ended 31-Mar-17 |
| <u>Retention Money</u> | | |
| Delhi International Airport Private Limited (DIAL) | - | 9.90 |
| GMR Energy Limited (GEL) | 4.86 | 4.86 |
| GMR Kamalanga Energy Limited (GKEL) | - | 5.44 |
| GMR Infrastructure Limited (GIL) | 5.96 | 5.96 |
| | 10.82 | 26.16 |
| <u>Lease Deposits</u> | | |
| G Varalakshmi | 6.00 | 6.00 |
| B Ramadevi | 3.00 | 3.00 |
| Honey Flower Estates Private Limited (HFEPL) | 1.31 | 1.31 |
| Delhi Airport Parking Services Private Limited (DAPSL) | 1.05 | 1.05 |
| | 11.36 | 11.36 |
| <u>Trade Payables</u> | | |
| GMR Infrastructure Limited (GIL) | - | 44.00 |
| GMR Airports Limited (GAL) | - | 1.11 |
| GMR Hyderabad International Airport Limited (GHIAL) | - | 4.44 |
| G Varalakshmi | 1.91 | 0.87 |
| B Ramadevi | - | 0.54 |
| | 1.91 | 50.96 |
| <u>Security Deposits from Customers</u> | | |
| GMR Aviation Private Limited (GAPL) | 5.84 | 5.84 |
| GMR Bajoli Holi Hydropower Private Limited (GBHHPL) | 7.55 | 7.55 |
| GMR Chennai Outer Ring Road Private Limited (GCCRPL) | 9.15 | 9.15 |
| GMR Chhattisgarh Energy Limited (GCHEPL) | 47.59 | 47.59 |
| GMR Energy Limited (GEL) | 54.44 | 54.44 |
| GMR Energy Trading Limited (GETL) | 7.55 | 7.55 |
| GMR Hosur Energy Limited (GHOEL) | 3.76 | 3.76 |
| GMR Hyderabad International Airport Limited (GHIAL) | 174.80 | 174.80 |
| GMR Hyderabad Vijayawada Expressways Private Limited (GHVEPL) | 9.75 | 9.75 |
| GMR Infrastructure Limited (GIL) | 27.58 | 27.58 |
| GMR Kamalanga Energy Limited (GKEL) | 85.14 | 85.14 |
| GMR Pochanpalli Expressways Limited (GPEPL) | 16.67 | 16.67 |
| GMR Power Corporation Limited (GPCL) | - | 48.20 |
| GMR Rajahmundry Energy Limited (GREL) | 65.45 | 65.45 |
| GMR Tambaram Tindivanam Expressways Limited (GTTEPL) | 12.12 | 12.12 |
| GMR Warora Energy Limited (formErly known as EMCO) | 33.86 | 33.86 |
| Kakinada SEZ Private Limited (KSPL) | 42.00 | 42.00 |
| | 603.24 | 651.44 |



32 Financial risk management objectives and policies

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

(a) Market risk- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

| Particulars | | | Increase/d ecrease in basis | Effect on profit before tax |
|-----------------------|--|--|-----------------------------------|--------------------------------|
| March 31, 2018 | | | | |
| INR | | | +50 | (133.24) |
| INR | | | -50 | 133.24 |
| | | | | |
| March 31, 2017 | | | | |
| INR | | | +50 | (45.66) |
| INR | | | -50 | 45.66 |

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, loans receivables, investments, cash and cash equivalents, derivatives and financial guarantees provided by the Company.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was Rs. **15613.05** and Rs. **12847.93** as at March 31, 2018 and March 31, 2017 respectively, being the total carrying value of trade receivables, balances with bank, bank deposits, investments and other financial assets.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major clients. The Company does not hold collateral as security.

With respect to trade receivables / unbilled revenue, the Company has constituted the terms to review the receivables on a periodic basis and to take necessary mitigations, wherever required.

Credit risk from balances with bank and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

In respect of financial guarantees provided by the Company to banks and financial institutions, the maximum exposure which the Company is exposed to is the maximum amount which the Company would have to pay if the guarantee is called upon. Based on the expectation at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided.



Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital lines from various banks. The Company invests its surplus funds in bank fixed deposit and in mutual funds, which carries no or low market risk.

The Company monitors its risk of a shortage of funds on a regular basis. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans etc.

The following table shows a maturity analysis of the anticipated cash flows including interest obligations for the Company's financial liabilities on an undiscounted basis, which therefore differ from both carrying value and fair value. Floating rate interest is estimated using the prevailing interest rate at the end of the reporting period.

| Particulars | 0-1 year | 1 to 5 years | > 5 years | Total |
|-----------------------------|-----------------|------------------|------------------|------------------|
| March 31, 2018 | | | | |
| Borrowings | 3,497.00 | 26,107.00 | 25,585.14 | 55,189.14 |
| Other financial liabilities | 810.83 | - | 603.24 | 1,414.07 |
| Trade payables | 234.46 | - | - | 234.46 |
| Total | 4,542.28 | 26,107.00 | 26,188.38 | 56,837.66 |
| March 31, 2017 | | | | |
| Borrowings | 2,784.26 | 8,245.00 | 2,426.00 | 13,455.26 |
| Other financial liabilities | 810.83 | - | 651.44 | 1,462.27 |
| Trade payables | 315.96 | - | - | 315.96 |
| Total | 3,911.04 | 8,245.00 | 3,077.44 | 15,233.48 |

(i) The above excludes any financial liabilities arising out of financial guarantee contract as detailed in Note 42.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the policies and procedures of the Company include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

33 Capital management

The Company's capital management is intended to create value for shareholders 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 business plan coupled with long-term and short-term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations and sale of certain assets, long-term and short-term bank borrowings and strategic partnership with investors.

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. The Company's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenant are complied with.

| Particulars | 43190 | 42825 |
|--|------------------|------------------|
| Borrowings | 25,859.15 | 7,500.00 |
| Total debt (i) | 25,859.15 | 7,500.00 |
| Capital components | | |
| Equity share capital | 3,643.95 | 3,643.95 |
| Other equity | 1,399.48 | 1,350.31 |
| Total Capital (ii) | 5,043.43 | 4,994.26 |
| Capital and borrowings (iii = i + ii) | 30,902.58 | 12,494.26 |
| Gearing ratio (%) (i / iii) | 83.68% | 60.03% |



34 Effective Tax Reconciliation

Income tax expenses in the statement of profit and loss consist of the following:

| Particulars | 31-Mar-18 | 31-Mar-17 |
|--|---------------|-----------------|
| Tax expenses | | |
| (a) Current tax | 49.98 | - |
| (b) Adjustments of tax relating to earlier periods | - | - |
| (c) MAT credit entitlement | - | - |
| (d) Deferred tax expense / (credit) | 145.99 | (315.20) |
| Total taxes | 195.97 | (315.20) |

Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below:

| Particulars | 31-Mar-18 | 31-Mar-17 |
|--|---------------|-----------------|
| Tax expenses | | |
| Profit before tax | 612.41 | 190.14 |
| Applicable tax rates in India (% Rate) | 33.06% | 33.06% |
| Computed tax charge | 202.48 | 65.81 |
| Tax effect of income that are not taxable in determining taxable profit: | | |
| a) Exempt income not included in calculation of tax | | |
| Tax effect of expenses that are not deductible in determining taxable profit: | | |
| (a) Items not deductible | 750.37 | 111.77 |
| (b) Adjustments on which deferred tax is not created | | |
| (c) Adjustments to current tax in respect of prior periods | | |
| (c) MAT adjustments | (31.07) | - |
| (e) Utilisation of previously unrecognised tax losses | 84.51 | (436.74) |
| (f) Interest on delayed payment of Income Tax | - | - |
| (g) Tax effects on re-measurement gains (losses) on defined benefit plans | (121.43) | (82.00) |
| (h) Others | (688.89) | 25.96 |
| Total taxes | 195.97 | (315.20) |



35 Earnings Per Share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) 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.

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

| Particulars | Year ended 31-Mar-18 | Year ended 31-Mar-17 |
|---|-------------------------|-------------------------|
| Profit attributable to equity holders of the company | | |
| Continuing operations | 49.17 | 256.09 |
| Discontinued operation | - | - |
| Profit attributable to equity holders of the company for basic earnings | 49.17 | 256.09 |
| Total number of Equity Shares outstanding at the beginning of the year | 364.40 | 179.78 |
| Add: Issue of Equity Shares | - | 184.62 |
| Total number of Equity Shares outstanding at the end of the year | 364.40 | 364.40 |
| Weighted Average number of equity shares used for computing Earning Per Share (Basic) | 364.40 | 292.57 |
| Effect of dilution: | | |
| Convertible preference shares | - | - |
| Weighted average number of Equity shares adjusted for the effect of dilution | 364.40 | 292.57 |
| Earning Per Share (Basic) (Rs) | 0.13 | 0.88 |
| Earning Per Share (Diluted) (Rs) | 0.13 | 0.88 |
| Face value per share (Rs) | 10.00 | 10.00 |

36 Managerial Remuneration

| Particulars | Year ended 31-Mar-18 | Year ended 31-Mar-17 |
|-----------------------------------|-------------------------|-------------------------|
| Salaries & Others | 121.72 | 90.58 |
| Perquisites' and Other allowances | - | - |
| Total | 121.72 | 90.58 |

37 Remuneration to Auditors

| Particulars | Year ended 31-Mar-18 | Year ended 31-Mar-17 |
|--|-------------------------|-------------------------|
| Audit fees | 1.50 | 1.25 |
| Other certification fees (excluding GST/Service Tax) | 0.40 | 0.75 |
| Out of Pocket Expenses | 0.12 | 0.15 |
| Total | 2.02 | 2.15 |

38 Expenditure in Foreign Currency

| Particulars | Year ended 31-Mar-18 | Year ended 31-Mar-17 |
|----------------------|-------------------------|-------------------------|
| CIF Value of imports | 7.26 | 11.06 |
| Traveling expenses | 22.63 | 25.65 |
| Total | 29.89 | 36.70 |

For M/S. P. Krishna & Co
ICAI Firm's Regn No.0054735
Chartered Accountants

(A. Srinivasa Rao)
Partner
Membership No. 208863

Place: Bengaluru
Date: 30th Apr, 2018

For and on behalf of the Board of Directors of
Raxa Security Services Limited

M R Reddy
Director
DIN : 00286418

Chandra Ramakumari K
CFO

S I S Ahmed
Director
DIN : 06498734

Arvind Kumar
Company Secretary



RAXA Security Services Limited

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

1. Corporate information

Raxa Security Services Limited ('RAXA' or 'the Company') is a company incorporated on 29th July, 2005 under the provisions of Companies Act, 1956 for provision of security and related services to commercial and industrial establishments. GMR SEZ and Port Holdings Private Limited ('GSPHPL') a subsidiary of GMR Infrastructure Limited ('GIL'), holds 99.99% shareholding in the company. The registered office of the company is located at 25/1, Skip House, Museum Road, Bangalore - 560025 India.

Information on other related party relationships of the Company is provided in Note 32.

The financial statements were approved for issue in accordance with a resolution of the directors on 30th April 2018

2. Basis of preparation

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of 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 relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are presented in Indian Rupees (INR).

2.1. Statement of Compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) amendment Rules 2016, as amended with effect from April 01, 2016. The financial statements of the Company, have been prepared and presented in accordance with Ind AS.

The functional and presentation currency of the Company is Indian Rupee ('Rs') which is the currency of the primary economic environment in which the Company operates.

2.2 Summary of significant accounting policies:

a. Current versus non-current classification

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

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle,



RAXA Security Services Limited

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

- ii. Held primarily for the purpose of trading,
- iii. Expected to be realised within twelve months after the reporting period, or
- iv. 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:

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

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Company has identified twelve months as its operating cycle

b. Fair value measurement of financial instruments

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities



RAXA Security Services Limited

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

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

c. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

Dividends

Revenue is recognised when the Company right to receive the payment is established, which is generally when shareholders approve the dividend.

Others

- i. Income from management / technical services is recognised as per the terms of the agreement on the basis of services rendered.
- ii. Insurance claim is recognised on acceptance of the claims by the insurance company.
- iii. Revenue from charter services is recognised based on services provided as per the terms of the contracts with the customers.

Revenue earned in excess of billings has been included under 'other financial assets' as unbilled revenue and billings in excess of revenue has been disclosed under 'other liabilities' as unearned revenue.



RAXA Security Services Limited

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

New Indian Accounting Standard (Ind AS) issued but not yet effective

Ind AS 115 'Revenue from Contracts with Customers' was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 and permits two possible methods of transition:

- (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or
- (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

Upon adoption the Company expects there to be a change in the manner that variable consideration in certain revenue arrangements is recognized from the current practice of recognizing such revenue as the services are performed and the variable consideration is earned to estimating the achievability of the variable conditions when the Company begins delivering services and recognizing that amount over the contractual period. The Company also expects a change in the manner that it recognizes certain incremental and fulfilment costs from expensing them as incurred to deferring and recognizing them over the contractual period. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

d. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.



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

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

e. Taxes on income

Current income tax

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI 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 income tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the balance sheet liability model. Deferred tax liabilities are generally recognised for all the taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that is probable that future taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet 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 OCI 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 and the deferred taxes relate to the same taxable entity and the same taxation authority.



RAXA Security Services Limited

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

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.

Amendments to Ind AS 12 - Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the company as the company has no deductible temporary differences or assets that are in the scope of the amendments.

f. Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset to be highly probable when:

- a) The appropriate level of management is committed to a plan to sell the asset,
- b) An active programme to locate a buyer and complete the plan has been initiated,
- c) The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- d) The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- e) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised.



RAXA Security Services Limited

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

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- i) Represents a separate major line of business or geographical area of operations,
- ii) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- iii) Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit and loss.

g. Property, plant and equipment

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at March 31, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 01, 2015.

Freehold land is carried at historical cost and is not depreciated. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

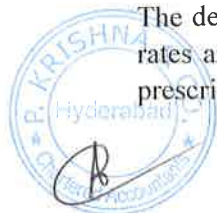
Capital work in progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized 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 recognized in the consolidated statement of profit or loss as and when incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

h. Depreciation on Property, plant and equipment

The depreciation on the Property plant and equipment is calculated on a straight-line basis using the rates arrived at, based on useful lives estimated by the management, which coincides with the lives prescribed under Schedule II of the Companies Act, 2013.



RAXA Security Services Limited**Notes to the financial statements for the year ended March 31, 2018**

Leasehold improvements are depreciated over the period of lease or estimated useful life, whichever is lower, on straight line basis.

The management has estimated the useful life of assets individually costing Rs. 5,000 or less to be less than one year, which is lower than those indicated in Schedule II.

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 charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Assets acquired under finance leases are depreciated on a straight line basis over the lease term. Where there is reasonable certainty that the company shall obtain ownership of the assets at the end of the lease term, such assets are depreciated based on the useful life prescribed under Schedule II to the Companies Act, 2013 or based on the useful life adopted by the Group for similar assets.

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 statement of profit and loss when the asset is derecognised.

The following is the comparison of the useful lives of these assets as adopted by the Company and those prescribed under schedule II to the Companies Act, 2013

| Asset category | Useful life in years | |
|------------------------|----------------------|-------------------------------------|
| | Adopted by Company | As per Schedule II of Companies Act |
| Land – Freehold | - | - |
| Roads & Buildings | 30 to 60 years | 10 to 60 years |
| Plant and machinery | 10 to 15 years | 8 to 40 years |
| Office equipment | 5 to 10 years | 5 years |
| Furniture and fixtures | 10 years | 10 years |
| Electrical fittings | 10 years | 10 years |
| Vehicles | 5 to 10 years | 8 to 10 years |
| Computers | 3 to 5 years | 3 to 6 years |
| Books | 3 years | Not prescribed |
| Biological assets | 5 years | Not prescribed |

i. Investment property

The Company has elected to continue with the carrying value for all of its investment property as recognised in its previous GAAP consolidated financial statements as deemed cost at the transition date, viz., April 01, 2015.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.



RAXA Security Services Limited

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

The cost includes borrowing costs for long-term construction projects if the recognition criteria are met.

Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life / residual value is accounted on prospective basis. Freehold land and properties under construction are not depreciated.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

j. 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.

k. Amortisation of intangible assets

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 with the affect of any change in the estimate being accounted for on a prospective basis. 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.

Software is amortised based on the useful life of six years on a straight line basis as estimated by the management.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

Gains or losses arising from de-recognition 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 and loss when the asset is derecognised.



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

I. Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds including interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur.

m. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease.

For arrangements entered into prior to April 01, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased asset or, at the present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless either:

- a. another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- b. the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.



RAXA Security Services Limited

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

Company as a lessor:

Leases in which the company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are recognised immediately in the statement of profit and loss.

Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfers from the company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the company's net investment in the leases. However, where the company is either manufacturer or dealer lessor, should recognise the transaction of sale in the statement of profit and loss for the period as an outright sales. Initial direct costs should be recognised as an expense in the statement of profit and loss at the inception of the lease.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

n. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

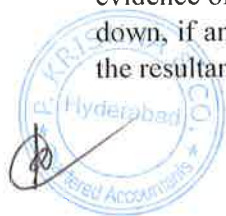
- ▶ **Raw materials:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition..
- ▶ **Finished goods and work in progress:** cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.
- ▶ **Traded goods:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- ▶ **Contract work in progress:** contract work in progress comprising construction costs and other directly attributable overheads is valued at lower of cost and net realisable value

Cost of inventories is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Costs incurred that relate to future activities on the contract are recognised as "Contract work in progress".

Contract work in progress comprising construction costs and other directly attributable overheads is valued at lower of cost and net realisable value.

Assessment of net realisable value is made in each subsequent period and when the circumstances that previously caused inventories to be written-down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the write-down, if any, in the past period is reversed to that extent of the original amount written-down so that the resultant carrying amount is the lower of the cost and the revised net realisable value.



o. Impairment of non-financial assets

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE, investment properties, intangible assets determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

(i) in case of an individual asset, at the higher of the net selling price and the value in use; and

(ii) in case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset).

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. For this purpose, the impairment loss recognised in respect of a cash generating unit is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to reduce the carrying amount of the other assets of the cash generating unit on a pro-rata basis.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss

p. Provisions and contingent liabilities

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, for example, under an insurance contract, 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.



RAXA Security Services Limited

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

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

Provisions and contingent liability are reviewed at each balance sheet.

Decommissioning liability:

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

q. Retirement and other employee benefits

Retirement benefit in the form of provident fund, pension fund and superannuation fund are defined contribution scheme. The Company has no obligation, other than the contribution payable. The Company recognizes contribution payable to provident fund, pension fund and superannuation fund as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet reporting date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

The Company presents the leave as a current liability in the consolidated balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.



RAXA Security Services Limited

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

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method using actuarial valuation to be carried out at each balance sheet date

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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 statement of profit and loss:

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

r. Financial instruments

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 associates and joint ventures, the excess of the actual amount of the loan over initial measure at fair value is accounted as an equity investment.

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.

(a) 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.



RAXA Security Services Limited

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

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these 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 asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through profit or loss.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of de-recognition and the consideration received is recognised in consolidated statement of profit or loss.

For trade and other receivables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(b) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.



RAXA Security Services Limited

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

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the consolidated statement of profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

a) Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

b. De-recognition

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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Off-setting of financial instruments

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

s. Cash and cash equivalents

Cash and cash equivalent in the 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 the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.



t. Cash dividend

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised 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.

u. Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

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

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

► Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

► Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

► Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

v. Exceptional items

An item of income or expense which its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and the same is disclosed in the consolidated financial statements.

w. Segment reporting policies

Identification of segments:

The company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.



RAXA Security Services Limited

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

Inter segment transfers:

The company accounts for intersegment sales / transfers at cost plus appropriate margins.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

Unallocated items include general corporate income and expense items, which are not allocated to any business segment. It includes income tax, deferred tax charge or credit and the related tax liabilities and tax assets, interest expense or interest income and related interest generating assets, interest bearing liabilities, which are not allocated to any business segment.

Segment accounting policies:

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the overall financial statements of the company as a whole.

x. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average numbers of equity shares outstanding during the period are adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

y. Corporate social responsibility ('CSR') expenditure

The Company charges its CSR expenditure during the year to the consolidated statement of profit and loss.

