AVON MOBILITY SOLUTIONS PRIVATE LIMITED

Statutory Audit for the year ended

31 March 2018

B S R & Associates LLP

Chartered Accountants

Building No.10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurugram - 122 002, India

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AVON MOBILITY SOLUTIONS PRIVATE LIMITED

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Avon Mobility Solutions Private Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'Ind AS financial statements')

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind

AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its loss (including other comprehensive loss), changes in equity 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 Section 143(11) of the Act, we enclose in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

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 purposes of our audit;

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

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

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;

   (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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations 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; and

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However, amounts as appearing in the audited Standalone financial statements for the period ended 31 March 2017 have been disclosed.

***For* B S R & Associates LLP**
Chartered Accountants
Firm Registration No.: 116231W/W-100024

Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurugram
Date: 01 May 2018

Annexure A referred to in our Independent Auditors' Report to the members of Avon Mobility Solutions Private Limited on the Ind AS financial statements for the year ended 31 March 2018.

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

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified each year. In accordance with this programme, all the fixed assets were physically verified during the year. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, the discrepancies observed on physical verification were not material and have been properly dealt with in the books of account.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable properties. Therefore, the provisions of paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The Company is in the business of rendering services and as such does not hold any inventory. Therefore, the provisions of paragraph 3 (ii) of the Order are not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of paragraph 3 (iii) of the Order are not applicable to the Company.

(iv) According to information and explanations given to us and based on audit procedures performed, there are no loans, investments, guarantees and securities provided by the Company as specified under section 185 and 186 of the Companies Act, 2013. Therefore, the provisions of paragraph 3 (iv) of the Order are not applicable to the Company.

(v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Therefore, the provisions of paragraph 3(vi) of the Order are not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income- tax, Sales tax, Service tax, tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no disputed dues in respect of Income tax, Sales tax, Service tax, Duty of customs, Duty of excise, Value added tax and Cess which have not been deposited with the appropriate authorities.

(viii) In our opinion, and according to the information and explanations given to us, there are no loans or borrowing from a financial institution, bank, government or dues to debenture holders during the year. Therefore, the provisions of paragraph 3 (viii) of the Order are not applicable to the Company.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. The Company has not taken any term loans during the year.

(x) According to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during year.

(xi) The Company is a private limited company and accordingly, the requirement as stipulated by the provisions of Section 197 read with schedule V to the Act are not applicable to the Company. Accordingly, paragraph 3(xi) of the Order is not applicable.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no transactions with the related parties which are not in compliance with Section 177 and 188 of the Companies Act, 2013 and the details have been disclosed in the standalone financial statements, as required, by the applicable accounting standards.

(xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment, private placement of shares and fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to information and explanations given to us and based on audit procedures performed, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

For **B S R & Associates LLP**
Chartered Accountants
Firm registration no.: 116231W/W-100024

Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurugram
Date: 01 May 2018

Annexure B to the Independent Auditor's Report of even date on the Ind AS financial statements of Avon Mobility Solutions Private Limited for the year ended 31 March 2018

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

We have audited the internal financial controls with reference to Ind AS financial statements of Avon Mobility Solutions Private Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to Ind AS financial statements 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Ind AS financial statements 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 with reference to Ind AS financial statements 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 with reference to Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of internal financial controls with reference to Ind AS financial statements, 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 with reference to Ind AS financial statements.

Meaning of Internal Financial Controls with reference to Ind AS financial statements

A company's internal financial control with reference to Ind AS financial statements 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 with reference to Ind AS financial statements 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 with reference to Ind AS financial statements

Because of the inherent limitations of internal financial controls with reference to Ind AS financial statements, 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 with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to Ind AS financial statements 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 ICAI.

***For* B S R & Associates LLP**
Chartered Accountants
Firm Registration No.: 116231W/W-100024

Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurugram
Date: 01 May 2018

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AVON MOBILITY SOLUTIONS PRIVATE LIMITED
BALANCE SHEET AS AT 31 MARCH 2018

Particulars	Notes Ref.	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
ASSETS				
Non-current assets				
Property, plant and equipment	2.1	233,719	179,471	485,591
Intangible assets	2.1	228,964	16,686	-
Financial assets				
Other financial assets	2.2	751,651	751,651	747,120
Deferred tax assets	2.3	-	556,909	234,362
Income tax asset (net)	2.4	1,089,501	482,132	210,030
		2,303,835	**1,986,849**	**1,677,103**
Current Assets				
Financial assets				
Trade receivables	2.5	542,019	2,586,462	359,869
Cash and cash equivalents	2.6	919,874	12,412	458,290
Other bank balances	2.7	34,963	55,939	51,489
Other current assets	2.8	415,386	580,439	-
		1,912,242	**3,235,252**	**869,648**
TOTAL ASSETS		**4,216,077**	**5,222,101**	**2,546,751**
EQUITY & LIABILITIES				
EQUITY				
Equity Share capital	2.9	111,100	111,100	111,100
Other equity				
Reserve and Surplus	2.10 (a)	(28,956,124)	(22,013,426)	(13,059,395)
Other Comprehensive Income	2.10 (b)	(158,497)	-	-
Equity Component of Compound financial instruments	2.11	10,773,540	9,553,894	-
		(18,229,981)	**(12,348,432)**	**(12,948,295)**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	2.11	18,828,059	15,227,404	-
Provisions	2.12	1,580,453	1,046,909	-
		20,408,512	**16,274,313**	-
Current liabilities				
Financial liabilities				
Trade payables	2.13	810,176	608,220	1,958,261
Borrowings	2.14	-	-	13,349,738
Provisions	2.15	431,253	311,530	-
Other current liabilities	2.16	796,117	376,470	187,047
		2,037,546	**1,296,220**	**15,495,046**
TOTAL EQUITY AND LIABILITIES		**4,216,077**	**5,222,101**	**2,546,751**
See accompanying notes forming part of the financial statements	1 & 2			

In terms of our report attached

For **B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231W/W-100024

RAKESH DEWAN
Partner
Membership number : 092212

Place : Gurugram
Date : 01 May 2018

For and on behalf of the Board of Directors

THOMAS ZACHARIAH
Managing Director

Place : Chennai
Date : 01 May 2018

VISHNU R DUSAD
Director

Place : Noida
Date : 01 May 2018

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

		Notes Ref.	Year Ended 31 March 2018 (Rupees)	Year Ended 31 March 2017 (Rupees)
1.	**REVENUE FROM OPERATIONS**			
	Sale of services	2.17	12,147,057	8,809,144
2.	**OTHER INCOME**	2.18	29,744	184,882
3.	**TOTAL REVENUE (1+2)**		**12,176,801**	**8,994,026**
4.	**EXPENSES**			
	a. Employee benefits expense	2.19	10,852,632	10,204,216
	b. Operating and other expenses	2.20	5,625,090	6,327,076
	c. Finance cost	2.21	1,844,552	1,367,896
	d. Depreciation and amortisation expense	2.1	240,316	470,728
	TOTAL EXPENSES		**18,562,590**	**18,369,916**
5.	**PROFIT BEFORE TAX (3-4)**		**(6,385,789)**	**(9,375,890)**
6.	**TAX EXPENSE**			
	a. Current tax expense	2.3	-	(99,311)
	b. Deferred tax (credit) / charge	2.3	556,909	(322,547)
	NET TAX EXPENSE		**556,909**	**(421,858)**
7.	**LOSS FOR THE YEAR (5-6)**		**(6,942,698)**	**(8,954,031)**
8.	**OTHER COMPREHENSIVE INCOME**			
(A)	(i) Items that will not be reclassified to profit or loss			
	a) Remeasurements of the defined benefit plans,net		(158,497)	-
	TOTAL OTHER COMPREHENSIVE INCOME		**(158,497)**	**-**
9.	**TOTAL COMPREHENSIVE INCOME (7+8)**		**(7,101,195)**	**(8,954,031)**
10.	**EARNINGS PER EQUITY SHARE**			
	Equity share of Rs. 10 each			
	a) Basic		(625)	(806)
	Number of shares used in computing earnings per share			
	a) Basic		11,110	11,110

See accompanying notes forming part of the financial statements — 1 & 2

In terms of our report attached

For **B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231W/W-100024

RAKESH DEWAN
Partner
Membership number : 092212

Place : Gurugram
Date : 01 May 2018

For and on behalf of the Board of Directors

THOMAS ZACHARIAH
Managing Director

Place : Chennai
Date : 01 May 2018

VISHNU R DUSAD
Director

Place : Noida
Date : 01 May 2018

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
A. Cash flow from operating activities		
Loss before tax	(6,385,789)	(9,375,890)
Adjustment for:		
Depreciation and amortisation expense	240,316	470,728
Interest on fixed deposits and others	24,981	(63,021)
Interest on compound financial instrument	1,820,301	1,281,298
Interest on loan	-	84,325
Provisions for doubtful debts / advances written back	92,457	46,490
Operating loss before working capital changes	**(4,207,734)**	**(7,556,070)**
Adjustment for (increase) / decrease in operating assets		
- Trade receivables	1,951,986	(2,273,083)
- Other financial assets	-	(4,531)
- Other current and non current assets	165,053	(580,439)
Adjustment for increase / (decrease) in operating liabilities		
- Trade payables	201,956	(1,350,038)
- Other current liabilities	419,647	189,423
- Short-term provisions	119,723	311,530
- Long-term provisions	375,047	1,046,909
	(974,322)	(10,216,299)
Net income tax (paid)/refund	(607,368)	(172,792)
Cash flow from / (used in) operating activities (A)	**(1,581,690)**	**(10,389,091)**
B. Cash flow from investing activities		
Purchase of fixed assets	(506,843)	(181,294)
Fixed deposits placed	(34,890)	(55,594)
Fixed deposit matured	55,594	45,000
Interest on fixed deposits and others (net)	(24,709)	69,164
Net cash from / (used in) investing activities (B)	**(510,848)**	**(122,724)**
C. Cash flow from financing activities		
(Repayment) of loans/loans taken	-	(12,901,288)
Interest paid	-	(532,775)
Proceeds from issue of preference shares	3,000,000	23,500,000
Net cash flow from / (used in) financing activities (C)	**3,000,000**	**10,065,937**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**907,462**	**(445,878)**
Opening cash and cash equivalents	12,412	458,290
Exchange difference on translation of foreign currency bank accounts		
Closing cash and cash equivalents	**919,874**	**12,412**

See accompanying notes forming part of the financial Statements 1 & 2
In terms of our report attached

For **BSR & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number:116231W/W-100024

RAKESH DEWAN
Partner
Membership Number :092212

Place : Gurugram
Date : 01 May 2018

For and on behalf of the Board of Directors

THOMAS ZACHARIAH
Managing Director

Place : Chennai
Date : 01 May 2018

VISHNU R DUSAD
Director

Place : Noida
Date : 01 May 2018

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

(Amount in Rupees)

Balance as at 1 April 2017	Changes in equity share capital during the year	Balance as at 31 March 2018
111,100	-	111,100

Balance as at 1 April 2016	Changes in equity share capital during the year	Balance as at 31 March 2017
111,100	-	111,100

B. Other Equity

(Amount in Rupees)

Particulars	Non convertible non-cumulative preference shares	Reserves and Surplus		Items of OCI	Total
		Securities premium	Retained earnings	Remeasurements of the defined benefit plans	
Balance as of 1 April 2017	9,553,894	9,988,900	(32,002,326)	-	(12,459,532)
Loss for the year	-		(6,942,698)	-	(6,942,698)
Equity component of Non convertible non- cumulative preference shares	1,219,646				1,219,646
Remeasurements of the defined benefit plans,net				(158,497.00)	(158,497.00)
Balance as of 31 March 2018	**10,773,540**	**9,988,900**	**(38,945,024)**	**(158,497)**	**(18,341,081)**

(Amount in Rupees)

Particulars	Non convertible non-cumulative preference shares	Reserves and Surplus		Items of OCI	Total
		Securities premium	Retained earnings	Remeasurements of the defined benefit plans	
Balance as of 1 April 2016	-	9,988,900	(23,048,295)	-	(13,059,395)
Loss for the year	-	-	(8,954,031)	-	(8,954,031)
Equity component of Non convertible non- cumulative preference shares	9,553,894	-	-	-	9,553,894
Remeasurements of the defined benefit plans,net	-	-	-	-	-
Balance as of 31 March 2017	**9,553,894**	**9,988,900**	**(32,002,326)**	**-**	**(12,459,532)**

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231W/W-100024

RAKESH DEWAN
Partner
Membership number : 092212

Place : Gurugram
Date : 01 May 2018

For and on behalf of the Board of Directors

THOMAS ZACHARIAH
Managing Director

Place : Chennai
Date : 01 May 2018

VISHNU R DUSAD
Director

Place : Noida
Date : 01 May 2018

Note 1:

1.1 Company Overview

Avon Mobility Solutions Private Limited ('Avon' or 'the Company') was incorporated in May 2007 in India. Avon is a subsidiary company of Nucleus Software Exports Ltd. The Company's business broadly consists of developing software and IT enabled services.

The Financial statements were approved for issue by the Board of Directors on May 01, 2018.

1.2. Significant accounting policies

i. Basis of preparation of financial statements

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2006 notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2015, notified under section 133 of the Act and other relevant provisions of the Act.

As these are the Company`s first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note no. 2.28 and 2.29.

b) Functional and Presentation currency

The financial statements are presented in Indian Rupees (Rupees), which is also the Company`s functional currency.

c) Basis of measurement

The financial statements have been prepared on the historical basis except for the following items:

Items	Measurement Basis
Certain financial assets and liabilities (including derivative instruments)	Fair Value
Net defined benefit(asset)/liability	Fair value of plan assets less present value of defined benefit obligations

d) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Lease classification – Note 2.24

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent period financial statements is included in the following notes:

- Estimation of current tax expense and payable – Note 2.3 and Note 2.4
- Estimated useful life of property, plant and equipment and Intangibles – Note 1.2 (iv) and (v)

- Estimation of defined benefit obligation- Note 2.26
- Impairment of trade receivable- Note 2.5

Measurement of fair values

The Company`s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a treasury team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The treasury team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

ii.Revenue Recognition

Revenue from sale of services is recognised over the period in which such services are rendered in accordance with the terms of contract.

iii.Other income

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset ; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit- impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

iv.Property, Plant and equipment

Property, Plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Cost of an item of property, plant and equipment includes its purchase price, any directly attributable expenditure on making the asset ready for its intended use. Property, plant and equipment under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

Depreciation on property, Plant and equipment, is provided on the straight-line method based on useful lives of respective assets as estimated by the management taking into account nature of the asset, the estimated usage of the asset and the operating conditions of the asset. . Depreciation is charged on a pro-rata basis for assets purchased / sold during the year.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

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

The management's estimates of the useful lives of the various property, plant and equipment are as follows:

Asset category	Mangement estimate of useful life (in years)	Useful life as per Schedule II(in years)
Tangible asset		
Plant and machinery (including office equipment)*	5	15
Computers- end user devices such laptops, desktops etc.*	3	3
Computers- servers and networking equipment*	4	6
Furniture and fixtures*	5	10

*Based on technical evaluation, the useful lives as given above represent the period over which the management believes to use these assets; hence these lives are different from the useful lives prescribed under Part C of schedule II of the Companies Act, 2013.

Transition to Ind AS

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 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment. Refer Note 2.29

v. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

The management's estimates of the useful lives of the Software are 3 years.

Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of its Intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets- Refer Note 2.28.

vi. **Financial instruments**

a) Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provision of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVOCI)-equity investment; or
- FVTPL

Financial asset are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely for payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment`s fair value in OCI (designated as FVOCI-equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivatives financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirement to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

c) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

vii. Impairment

a) Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:
- financial assets measured at amortised cost;

At each reporting date, the Company assesses whether financial assets carried at amortised cost A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

Measurement of expected credit losses
Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

b) Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

viii. Provisions (other than for employee benefits)

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

Post Sales client support and warranties

The Company provides its clients with fixed period warranty for correction of errors and support on its fixed price product orders. Revenue for such warranty period is allocated based on the estimated effort required during warranty period.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract 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 such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

ix. Foreign Currency

a) Foreign currency transactions

Transactions in foreign currencies are translated at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

x. Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year-end, except where the results would be anti-dilutive.

xi. Taxation

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.. Deferred tax is not recognized for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be real.

xii. Employee benefits

Defined contribution plans

The Company's contribution to provident fund is considered as defined contribution plans and is charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each year end. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

xiii. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non –cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

xiv. Operating leases

Lease payments under operating lease are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term unless such payments are structured to increase in line with expected general inflation to compensate for the lessor`s expected inflation increases.

xv. Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

xvi. Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.
Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard permits two possible methods of transition:

• Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

• Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.1 Property, plant and equipment and Intangible assets

(Amount in Rupees)

PARTICULARS	GROSS CARRYING AMOUNT				ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT	
	As at 1 April 2017	Additions	Deductions / adjustments	As at 31 March 2018	As at 1 April 2017	Depreciation for the year	Deductions / adjustments	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Tangible assets										
- Computers	121,500	119.830	-	241.330	18,985	66.246	-	85.231	156.099	102.515
	(9,242)	(121.500)	(9.242)	(121.500)	-	(18,985)	-	(18.985)	(102.515)	(9.242)
- Office equipment	133,818	44.080	9.242	177.898	56,862	43.416		100.278	77.620	76.956
	(87,650)	(36.926)		(133.818)	-	(56,862)		(56.862)	(76.956)	(87.650)
- Furniture and fixtures	388,699			388.699	388,699	-		388.699	0	-
	(388,699)			(388.699)		(388,699)	-	(388.699)	(0)	(388.699)
	644.017	163.910	-	807.927	464.546	109,661	-	574.208	233.719	179.471
	(485.591)	(158.426)	-	(644.017)	-	(464,546)	-	(464.546)	(179.471)	(485.591)
Intangible assets										
- Softwares	22,868	342,933		365,801	6,182	130,655	-	136,837	228,964	16,686
	-	(22.868)		(22.868)		(6.182)		(6.182)	(16.686)	-
Total	666.885	506.843	-	1.173.728	470.728	240.316	-	711.045	462.683	196.157
	(485.591)	(181.294)	-	(666.885)	-	(470.728)	-	(470.728)	(196.158)	(485.591)

Note:
i. figure in bracket pertains to previous year ended 31 march 2017 / 2016
ii. As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP as deemed cost for all the items of property, plant and equipment and Intangible assets.

Details of Gross Block of asset and accumulated depreciation as on 31 March 2016 are as under

Tangible assets	Gross Block as on 31 March 2016	Accumulated depreciation as on 31 March 2016	Deemed Cost as on 1 April 2016
Plant and equipment	135.048	135.048	-
Office equipment	438.945	351.295	87.650
Computer equipment	2.435.506	2.426.264	9.242
Furniture and fixtures	1.562.654	1.173.955	388.699
Intangible assets			
Software	10.656.355	10.656.355	-

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Particulars	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
2.2	**OTHER NON-CURRENT FINANCIAL ASSETS**			
	Security deposits	751,651	751,651	747,120
		751,651	751,651	747,120

2.3 DEFERRED TAX ASSETS (NET)

A. Amounts recognised in profit or loss

Particulars	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
Current tax	-	(99,311)
Deferred tax	556,909	(322,547)
Net tax expense	556,909	(421,858)

b. Reconciliation of effective tax rate

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:

Particulars	Percentage	Year ended 31 March 2018	Percentage	Year ended 31 March 2017
Loss before tax		(6.385.789)		(9.375.890)
Tax using the domestic tax rate	25.75%	(1.644.341)	25.75%	(2.414.292)
Non deductible expenses	-7.34%	468.728	-3.52%	329.934
Current year losses for which no deferred tax asset was recognised	-18.41%	1.175.613	-18.79%	1.761.810
Reversal of previous year deferred tax assets	-8.72%	556.909	0.00%	-
Prior period taxes	-	-	1.06%	(99.311)
Effective tax	**-8.72%**	**556.909**	**4.50%**	**(421.858)**

D. Movement in temporary differences

Particulars	As at 1 April 2017	(Credited)/charge during the year	As at 31 March 2018	As at 1 April 2016
Provision for compensated absences, gratuity and other employee benefits	349,799	349,799	-	-
Provision for doubtful debts	2,717	2,717	-	34,331
Property, plant and equipment and Intangible assets	204,393	204,393	-	200,031
	556,909	556,909	-	234,362

Note :The company has not recognised deferred tax assets because it is not probable that future taxable profit will be available against such deferred tax assets can be realised.

	Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
2.4	**INCOME TAX ASSETS (NET)**			
	Advance tax [Net of provision Rs. Nil (previous year : Rs. Nil)]	1.089.501	482.132	210.030
		1,089,501	482,132	210,030
2.5	**CURRENT TRADE RECEIVABLES**			
	(Unsecured, Considered good)			
	Considered good	542,019	2,575,909	248,766
	Considered doubtful	103,010	10,553	111,103
	Less: allowance for doubtful trade receivables	(103.010)	(10.553)	-
		542,019	2,586,462	359,869
2.6	**CASH AND CASH EQUIVALENTS**			
	A. Cash and cash equivalents			
	a. Cash on hand	683	3,025	380
	b. Balances with scheduled banks:			
	- in current accounts	919,191	9,387	457,910
		919,874	12,412	458,290
2.7	**OTHER BANK BALANCES**			
	Short term bank deposits	34.963	55.939	51.489
		34.963	55.939	51.489

2.8 OTHER CURRENT ASSETS

a. Supplier advance	29,985	56,905	-
b. Service income accrued but not due	385,401	523,534	-
	415,386	580,439	-

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
2.9 SHARE CAPITAL			
a. Authorised			
Equity shares			
100,000 (100,000) equity shares of Rs. 10 each	1,000,000	1,000,000	1,000,000
Preference shares			
4,000,000 (4,000,000) preference share of Rs. 10 each	40,000,000	40,000,000	-
b. Issued, subscribed and fully paid-Up			
11,110 (11,110) equity shares of Rs. 10 each, fully paid up	111,100	111,100	111,100
	111,100	111,100	111,100

Refer notes (i) to (iii) below

(i) **Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year :**

Equity shares			
As at the beginning of the year			
- Number of Shares	11,110	11,110	11,110
- Amount	111,100	111,100	111,100
Shares issued during the year			
- Number of Shares	-	-	-
- Amount	-	-	-
As at the end of the year			
- Number of Shares	11,110	11,110	11,110
- Amount	111,100	111,100	111,100
11% redeemable non cumulative preference shares			
As at the beginning of the year			
- Number of Shares	2,350,000	-	-
- Amount	23,500,000	-	-
Shares issued during the year			
- Number of Shares	300,000	2,350,000	-
- Amount	3,000,000	23,500,000	-
As at the end of the year			
- Number of Shares	2,650,000	2,350,000	-
- Amount	26,500,000	23,500,000	-

(ii) The Company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. The dividend is paid on the approval of the shareholders in the Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(iii) **Details of shares held by Nucleus Software Exports Limited, the Holding Company :-**

Equity shares

Particulars		As at 31 March, 2018	
		(Number)	(Percentage)
Nucleus Software Exports Limited		10,666	96%

Particulars		As at 31 March, 2017	
		(Number)	(Percentage)
Nucleus Software Exports Limited		10,666	96%

Particulars		As at 1 April, 2016	
		(Number)	(Percentage)
Nucleus Software Exports Limited		10,666	96%

	Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
2.10	**OTHER EQUITY**			
	(a) Reserves and Surplus			
	Securities premium reserve	9,988,900	9,988,900	9,988,900
	Retained earnings	(38,945,024)	(32,002,326)	(23,048,295)
		(28,956,124)	**(22,013,426)**	**(13,059,395)**

Particulars	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
(i) Securities premium reserve		
At the commencement and end of the year	9,988,900	9,988,900
Closing balance	**9,988,900**	**9,988,900**
(ii) Retained earnings		
Opening balance	(32,002,326)	(32,852,558)
Add: Loss for the year	(6,942,698)	(1,870,902)
Closing balance	**(38,945,024)**	**(34,723,460)**

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(b) Other comprehensive Income	(158,497)	-	-
	(158,497)	**-**	**-**

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
(i) Remeasurement of net defined benefit plans		
Opening balance	-	-
Add: Movement during the year	(158,497)	-
Closing balance	**(158,497)**	**-**

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
		(29,114,621)	**(22,013,426)**	**(13,059,395)**
2.11	**LONG TERM BORROWINGS**			
	a. Liability component of compound financial instruments 2,650,000 (31 March 2017: 2,350,000 , 31 March 2016: Nil) 11% redeemable non cumulative preference shares of Rs. 10 each	18,828,059	15,227,404	-
		18,828,059	**15,227,404**	**-**

11% redeemable, non cumulative preference shares of Rs. 10 each were privately placed with Nucleus Software Exports limited , the holding company at par. The preference shares will be redeemed at face value of Rs. 10 each. The minimum tenure of redeemable preference shares ('RPS') will be 5 years and maximum tenure of RPS will be 20 years.

Particulars	31 March 2018	31 March 2017
Borrowings at the beginning of the year	15,227,404	-
Face value of 11% redeemable non cumulative preference shares issued	3,000,000	23,500,000
Equity component of 11% non-cumulative preference shares	(1,219,646)	(9,553,894)
Movement due to non-cash transactions		
Interest expense	1,820,301	1,281,298
Long Term borrowings	18,828,059	15,227,404

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
2.12	**LONG-TERM PROVISIONS**			
	Provision for employee benefits			
	a. Provision for compensated absences	123,885	104,262	-
	b. Provision for gratuity (refer note 2.26)	1,456,568	942,647	-
		1,580,453	**1,046,909**	**-**
2.13	**TRADE PAYABLES**			
	Trade payables			
	- Others	810,176	608,220	1,958,261
		810,176	**608,220**	**1,958,261**

Note : The Company has no amounts payable to Micro and Small Enterprises as defined in section 7(1) of the Micro, Small and Medium Enterprises Development Act, 2006, to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
2.14	**SHORT TERM BORROWINGS**			
	Loan from Shareholder & Director (refer note 2.27)	-	-	13,349,738
		-	**-**	**13,349,738**
2.15	**SHORT-TERM PROVISIONS**			
	Provision for employee benefits			
	a. Provision for gratuity (refer note 2.26)	389,769	276,252	-
	b. Provision for compensated absences	41,484	35,278	-
		431,253	**311,530**	**-**
2.16	**OTHER CURRENT LIABILITIES**			
	a. Statutory liabilities	227,629	213,195	170,768
	b. Advance from Customers (refer note 2.27)	568,488	163,275	-
	c. Employee dues	-	-	16,279
		796,117	**376,470**	**187,047**

Particulars	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
2.17 INCOME FROM SOFTWARE PRODUCTS AND SERVICES		
a. Sale of services	12,147,057	8,809,144
	12,147,057	**8,809,144**
2.18 OTHER INCOME		
a. Interest income on fixed deposits with banks	24,981	80,600
b. Miscellaneous income	4,763	104,282
	29,744	**184,882**
2.19 EMPLOYEE BENEFITS EXPENSE		
a. Salaries and wages	9,755,421	8,485,808
b. Contribution to provident and other funds	585,377	440,930
c. Gratuity expense (see note 2.26)	468,941	1,218,899
d. Staff welfare expenses	42,893	58,579
	10,852,632	**10,204,216**
2.20 OPERATING AND OTHER EXPENSES		
a. Rent and hire charges	975,455	926,695
b. Repair and maintenance		
- Buildings	17,860	-
- Others	34,556	165,969
c. Insurance	4,150	11,418
d. Rates & taxes	65,195	641,144
e. Travelling		
- Foreign	216,933	54,799
- Domestic	163,642	220,878
f. Legal and professional (see note 2.22)	2,741,239	3,127,200
g. Conveyance	30,531	19,338
h. Communication	68,747	93,659
i. Training and recruitment	8,894	6,694
j. Power and fuel	173,225	169,402
k. Advertisement and business promotion	-	18,675
l. Printing and Stationery	8,040	13,267
m. IT Expenses	27,892	22,823
n. Outsourced technical service expenses	144,180	102,480
o. Purchase for Trading	496,952	576,197
p. Miscellaneous expenses	447,598	156,438
	5,625,089	**6,327,076**
2.21 FINANCE COST		
Bank charges	24,251	2,187
Interest expenses on borrowings	-	84,411
Interest expenses on compound financial instrument-preference shares	1,820,301	1,281,298
	1,844,552	**1,367,896**
2.22 Legal and Professional expenses include:		
Audit fees (excluding tax)	100,000	100,000
2.23 EARNINGS PER SHARE		
Basic and Diluted		
a. Loss after tax	(6,942,698)	(8,954,031)
b. Weighted average number of equity shares	11,110	11,110
c. Earnings per share	(625)	(806)

2.24 OPERATING LEASE

Obligations on long-term, non-cancellable operating leases

The Company has acquired office premises under cancellable operating lease. Operating lease rentals paid during the year March 2018 Rs. 975,455/- (year ended 31 March, 2017 is Rs. 926,695/-).

2.25 Financial Instruments

a) Financial Instruments by category

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

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
Assets:					
Cash and cash equivalents (2.6)	919,874	-	-	919,874	919,874
Other bank balances (2.7)	34,963	-	-	34,963	34,963
Trade receivables (2.5)	542,019	-	-	542,019	542,019
Other financial assets (2.2)	751,651	-	-	751,651	751,651
	2,248,507	-	-	**2,248,508**	**2,248,507**
Liabilities:					
Trade payables (2.13)	810,176	-	-	810,176	810,176
Borrowings (2.11 & 2.14)	18,828,059	-	-	18,828,059	18,828,059
	19,638,235	-	-	**19,638,235**	**19,638,235**

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

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
Assets:					
Cash and cash equivalents (2.6)	12,412	-	-	12,412	12,412
Other bank balances (2.7)	55,939	-	-	55,939	55,939
Trade receivables (2.5)	2,586,462	-	-	2,586,462	2,586,462
Other financial assets (2.2)	751,651	-	-	751,651	751,651
	3,406,464	-	-	**3,406,465**	**3,406,464**
Liabilities:					
Trade payables (2.13)	608,220	-	-	608,220	608,220
Borrowings (2.11 & 2.14)	15,227,404	-	-	15,227,404	15,227,404
	15,835,624	-	-	**15,835,624**	**15,835,624**

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

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
Assets:					
Cash and cash equivalents (2.6)	458,290	-	-	458,290	458,290
Other bank balances (2.7)	51,489	-	-	51,489	51,489
Trade receivables (2.5)	359,869	-	-	359,869	359,869
Other financial assets (2.2)	747,120	-	-	747,120	747,120
	1,616,768	-	-	**1,616,769**	**1,616,768**
Liabilities:					
Trade payables (2.13)	1,958,261	-	-	1,958,261	1,958,261
Borrowings (2.11 & 2.14)	13,349,738	-	-	13,349,738	13,349,738
	15,307,999	-	-	**15,307,999**	**15,307,999**

The carrying amount of current trade receivables,Security deposit , trade payables, current financial liabilities and cash and cash equivalent are considered to be same as their fair values, due to their short-term nature.

The fair value of borrowings were calculated based on cashflows discounted using a transition date lending rate as there is no material change in the lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusions of unobservable inputs including counterparty credit risk.

b) Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Valuation technique used to determine fair value
Specific valuation techniques used to value financial instruments include:
a) the use of quoted market prices or dealer quotes for similar instruments.
b) for forward exchange contracts, the fair value is determined using quoted forward exchange rates at the reporting date.
c) the fair value of remaining financial instruments is determined using discounted cash flows method.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2018:

Particulars	As at 31 March 2018	Level 1	Level 2	Level 3
Financial assets				
Non - Current Financial Assets- Security deposits (2.2)	751,651	-	-	751,651
Borrowings (2.11)	18,828,059	-	-	18,828,059

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2017:

Particulars	As at 31 March 2017	Level 1	Level 2	Level 3
Financial assets				
Non - Current Financial Assets- Security deposits (2.2)	751,651	-	-	751,651
Borrowings (2.11)	15,227,404	-	-	15,227,404

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 1 April , 2016:

Particulars	As at 1 April 2016	Level 1	Level 2	Level 3
Financial assets				
Non - Current Financial Assets- Security deposits (2.2)	747,120	-	-	747,120
Borrowings (2.11)	13,349,738	-	-	13,349,738

c) **Financial risk management**

The Company's activities expose it to a variety of financial risks arising from financial instruments

- **Market risk,**
- **Credit risk and**
- **Liquidity risk**

i) Market risk :

The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk.The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services and purchases from overseas suppliers in various foreign currencies. The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future.

Price risk: The Company has no exposure to price risk as Company doesn't hold any investment.

ii) Credit risk

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

A default on a financial asset is when the counter party fails to make contractual payments within 90 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs. 542,019, Rs. 2,586,462 and Rs. 359,869 as of March 31, 2018, March 31, 2017 and April 1, 2016 respectively and unbilled revenue amounting to Rs 385,401 , Rs 523, 534 and Rs Nil as of March 31, 2018, March 31, 2017 and April 1, 2016 respectively . credit risk has always been managed by the company through credit approval, establishing credit limits and continuously monite3ring the credit worthiness of the customers to which the company grants credit terms in the normal course of business .On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The Company has nil expected credit loss allowance.

The following table gives details in respect of percentage of revenues generated from top customer and top three customers:

Particulars	Year ended 31 March 2018 (in %)	Year ended 31 March 2017 (in %)
Revenue from top customer	52.82	47.5
Revenue from top three customers	99.46	83

Credit risk exposure

The lifetime expected credit loss on customer balances for the year ended 31 March 2018 is Rs. 103,010 and for the year ended March 31, 2017 was Rs. 10,553.

	As at 31 March 2018	As at 31 March 2017
Balance at the beginning	10,553	111,103
Impairment loss recognised/ reversed	92,456	10,553
Amounts written off	-	(111,103)
Balance at the end	103,010	10,553

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

a) Expected credit loss for loans, security deposits and Investments

As at 31 March 2018

Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recogntion	Security deposits	751,651	0%	-	751,651
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit - impaired	NA	NA	NA	NA	NA

As at 31 March 2017

Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recogntion	Security deposits	751,651	0%	-	751,651
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit - impaired	NA	NA	NA	NA	NA

a) Expected credit loss for trade receivables under simplified approach

As at 31 March 2018

Ageing	Not due	0-90 days past due	90-180 days past dues	180-270 days past dues	270-360 days past dues	More than 360 days past dues	Total
Gross carrying amount	-	475,334	17,440	18,495	120,750	13,220	645,239
Expected credit losses (Loss allowance provision)	-	-	-	-	90,000	13,220	103,220
carrying amount of trade receivables (net of impairment)	-	475,334	17,440	18,495	30,750	-	542,019

As at 31 March 2017

Ageing	Not due	0-90 days past due	90-180 days past dues	180-270 days past dues	270-360 days past dues	More than 360 days past dues	Total
Gross carrying amount	1,452,999	35,939	1,028,556	8,749	60,220	10,553	2,597,015
Expected credit losses (Loss allowance provision)	-	-	-	-	-	10,553	10,553
carrying amount of trade receivables (net of impairment)	1,452,999	35,939	1,028,556	8,749	60,220	-	2,586,462

iii) Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company has no outstanding bank borrowings. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2018:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	810,176	-	810,176

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	608,220	-	608,220

The table below provides details regarding the contractual maturities of significant financial liabilities as of April 1, 2016:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	1,958,261	-	1,958,261
Borrowing	13,349,738		13,349,738

d) Capital Management

The Company's objectives when managing capital are to:

-safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and

- maintain an appropriate capital structure

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management in deployment of funds so as to maintain investors, creditors & markets' confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity.

The Company monitors capital, using a medium term view of three to five years, on the basis of a number of financial ratios generally used by industry and by the rating agencies. The Company is not subject to externally imposed capital requirements.

(i) Risk management

For the purpose of the Company`s capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company`s capital management is to maximise the shareholder value.

The Company manages it capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, raise debts or issue new shares.

2.26 Employee benefit obligations

Defined contribution plans

An amount of Rs. 551,408 for the year ended 31 March, 2018 (Year ended 31 March, 2017 Rs. 428,012), have been recognized as an expense in respect of Company's contribution for Provident Fund and Rs. 33,969(Year ended 31 March, 2017 Rs. 12,918) for Employee State Insurance Fund deposited with the government authorities and has been shown under employee benefit expenses in the Statement of Profit and Loss.

Defined benefit plans

The Gratuity scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service or part thereof in excess of 6 months subject to a maximum limit of Rs. 2,000,000 in terms of the provisions of the Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

Provision in respect of gratuity and compensated absence has been determined using the Projected Unit Credit method, with acturial valuations being carried out at the balance sheet date.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as on 31 March, 2018 :

	Particulars	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)
a.	**Change in defined benefit obligations (DBO)**		
	Obligation at beginning of the year	1,218,899	-
	Current service cost	103,555	1,218,899
	Past Service Cost	290,813	
	Interest on defined benefit obligation	74,573	-
	Remeasurement due to:		
	Actuarial loss/(gain)arising from change in financial	(48,831)	
	Actuarial loss/(gain)arising on account of experience	207,328	
	Obligation at year end	**1,846,337**	**1,218,899**
b.	**Net asset / (liability) recognised in the Balance Sheet**		
	Present value of defined benefit obligation	1,846,337	1,218,899
	Fair value of plan assets	-	-
	Funded status- Surplus/ (Deficit)	(1,846,337)	(1,218,899)
	Net liability recognised in the Balance Sheet	**(1,846,337)**	**(1,218,899)**
c.	Expected employer's contribution next year	-	276,252

d. **Gratuity cost for the year:**

Particulars	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
Past service cost	290,813	
Current service cost	103,555	1,218,899
Interest cost	74,573	-
Net gratuity cost	**468,941**	**1,218,899**

e. **Remeasurements income recognised in other comprehensive**

Actuarial loss/(gain)arising from change in financial	(48,331)	-
Actuarial loss/(gain)arising on account of experience	207,328	-
	158,997	-

f. **Economic assumptions :**

	Actuarial assumptions for gratuity and long-term compensated absences	
	As at 31 March 2018	**As at 31 March 2017**
Discount rate	7.40%	6.90%
Salary escalation rate	8.00%	8.00%

Discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

g. **Demographic assumptions**

Retirement age	58 years
Mortality table	IALM Mortality (2006-08)

h. **Withdrawal rates**

Ages - Withdrawal
21-50 years - 20%
51-54 years - 2%
55-57 years - 1%

i. **Sensitivity analysis**

'Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding and other assumptions constant,would have affected the defined benefit obligation by the amount shown below:

Particulars	Year ended 31 March 2018		Year ended 31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(46,712)	48,743	(28,035)	29,254
Salary escalation rate (0.5% movement)	47,266	(45,605)	14,749	(14,505)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
	(Rupees)	(Rupees)
2.27 Related party transactions		
List of related parties		
a. Holding Company– where control exists		
- Nucleus Software Exports Ltd		
b. Other related parties:		
Key managerial personnel:		
-Thomas Zachariah (Managing Director)		
Other Directors		
- Vishnu R Dusad		
- K Krishna Kumar		
-Narayanan Subramaniam		
Enterprise over which KMP or Directors are able to exercise significant influence		
Nucleus Software Solutions Pte Ltd		
Avon Solutions and Logistics Private Limited		
Pelican Legal Solutions Private Limited		
Transactions with related parties		
a. Revenue from Software development services		
Avon Solutions and Logistics Private Limited	163,275	1,917,479
Nucleus Software Solutions Pte Ltd	6,253,355	-
b. Finance Cost		
Thomas Zachariah	-	34,900
Vishnu R Dusad	-	49,425
c. Salary and other benefits to Key managerial personnel		
Short term employee benefit	3,535,000	3,290,000
contribution to provident and oher funds	210,000	210,000
d. Communciation charges		
Avon Solutions and logistic Private Limited	3,993	4,850
e. Loan and advance repaid		
Thomas Zachariah	-	7,011,350
K Krishna Kumar	-	2,539,938
Narayanan Subramaniam	-	3,350,000
Vishnu R Dusad	-	4,000,000
f. Loan and Advance taken		
Vishnu R Dusad	-	4,000,000
g. Preference share capital		
Nucleus Software Exports Limited	3,000,000	23,500,000
h. Legal and Professional		
Pelican Legal Solutions Private Limited	2,400,000	2,400,000

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
	(Rupees)	(Rupees)	(Rupees)
Outstanding balances as at the year end			
a. Short-term borrowings			
Thomas zachariah	-	-	7,459,800
K Krishna Kumar	-	-	2,539,938
Narayanan Subramaniam	-	-	3,350,000
b. Trade receivables			
Avon Solutions and logistic P Ltd	-	1,766,084	-
c. Trade payables			
Pelican Legal Solutions Private Limited	-	210,000	-
d. Other Current Liabilities			
Advance from Customer	568,487	-	-

2.28 First-time adoption of Ind-AS

These financial statements of Avon Mobility Solutions Private Limited for the year ended March 31, 2018 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard , with April 1, 2016 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended March 31, 2018. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet , Statement of Profit and Loss, is set out in note 2.29.

Exemptions availed and exceptions applied on first time adoption of Ind-AS 101

In preparing these financial statements, the company has applied the below mentioned optional exemptions and mandatory exceptions:

A Optional exemptions availed

1 Property plant and equipment and intangible assets

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP as deemed cost for all the items of property, plant and equipment and Intangible assets. The carrying values of property, plant and equipment as aforesaid are after making adjustments relating to decommissioning liabilities.

B Mandatory exceptions

1 Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements,as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- fair valuation of financial instruments carried at FVTPL and/ or FVOCI.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.
- Discounted value of liability for decommissioning costs.

2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

2.29 Reconciliations

a) Reconciliation of Total Equity

Particulars	As at 31 March, 2017	As at 1 April 2016
Equity as reported under Previous GAAP (A)	**2,878,971**	**(12,948,295)**
Impact of Ind AS opening adjustment (B)	-	-
Liability component of compound financial instrument-Non cumulative preference share	(13,946,105)	-
Interest expense on preference shares	(1,281,298)	-
(C)	**(15,227,403)**	-
Equity in accordance with Ind AS (A+B+C)	**(12,348,432)**	**(12,948,295)**
Total equity after tax adjustment in accordance with Ind AS	**(12,348,432)**	**(12,948,295)**
Movement in equity	**(15,227,403)**	**-**

b) Reconciliation of total comprehensive income

Particulars	For the year ended 31 March, 2017
Loss as per Previous GAAP	**(7,672,734)**
Adjustments	
Interest expense on preference shares	(1,281,297)
	-
	-
	(1,281,297)
Loss in accordance with Ind AS	**(8,954,031)**
Other Comprehensive Income (OCI)	-
Total Comprehensive Income as per Ind AS	**(8,954,031)**

2.29 Reconciliations

c) Equity reconciliations

Particulars	Note	Opening Balance Sheet as at April 1, 2016			March 31, 2017		
		Reclassified IGAAP*	Effect of transition to Ind -AS	Ind AS	Reclassified IGAAP	Effect of transition to Ind -AS	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment		485,591	-	485,591	179,471	-	179,471
Intangible assets		-	-	-	16,686	-	16,686
Financial assets							
Other financial assets		747,120	-	747,120	751,651	-	751,651
Deferred tax assets (net)		234,362	-	234,362	556,909	-	556,909
Income tax asset		210,030	-	210,030	482,132	-	482,132
Current Assets							
Financial assets							
Trade receivables		359,869	-	359,869	2,586,462	-	2,586,462
Cash and cash equivalents		458,290	-	458,290	12,412	-	12,412
Other bank balances		51,489	-	51,489	55,939	-	55,939
Other current assets		-	-	-	580,439	-	580,439
Total Assets		2,546,751	-	2,546,751	5,222,101	-	5,222,101
EQUITY & LIABILITIES							
EQUITY				-			
Equity Share capital	1	111,100	-	111,100	23,611,100	(23,500,000)	111,100
Other equity							
Equity Component of Compound financial instrument	1	-	-	-	-	9,553,894	9,553,894
Reserve and Surplus	1	-	-	-	(20,732,129)	20,732,129	-
LIABILITIES							
Non-current liabilities							
Financial liabilities							
Borrowings	1	-	-	-	-	15,227,404	15,227,404
Provisions		-	-	-	1,046,909	-	1,046,909
Current liabilities							
Financial liabilities							
Trade payables		1,958,261	-	1,958,261	608,221	-	608,221
Borrowing		13,349,738	-	13,349,738	-	-	-
Provisions		-	-	-	311,530	-	311,530
Other current liabilities		187,047	-	187,047	376,470	-	376,470
TOTAL EQUITY AND LIABILITIES		15,606,146	-	15,606,146	5,222,101	-	27,235,527

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

Explanation for reconciliation of Profit and Loss as previously reported under IGAAP to Ind AS

1 Non- cumulative Preference share

Under Previous GAAP, non- cumulative preference share capital were classified as Share capital however Under Ind AS 109, Non -cumulative preference shares issued is considered as compound financial instrument. Liability component is equal to the present value of redemption amount and equity component is equal to proceeds less liabilities component . An amount of Rs. 15,227,404 and Rs 9,553,894 has been recognised as liabilities component and equity component respectively. This change has resulted in increase in the loss for the year ended 31 March 2017 by Rs. 1,281,297 and decrease in retained earning as at 31 March 2017 by Rs. 15,227,404

2.30 Segment reporting

Based on the guiding principles stated in indAS 108 on "Segment Reporting" with the accounting standards specified under section 133 of the Act, as applicable, the Company has identified its business of providing software development services as one reportable business segment only. Accordingly, no additional disclosure for segment reporting have been made in the financial statements.

2.31 Details of Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016 as provided in the table below:

Information pursuant to G.S.R. 308(E) dated 30 March 2017	Specified Bank notes	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	2,500	290	2,790
(+) Permitted receipts*	-	7,500	7,500
(-) Permitted payments	-	2,667	2,667
(-) Amount deposited in Banks	2500	-	2,500
Closing cash in hand as on 30.12.2016	-	5,123	5,123

* (Under permitted receipts of Rs, 7,500 (Rs 5,000 are for withdrawal from bank and Rs 2,500 for exchange from SBNs)

Note: For the purpose of this disclosure, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E) dated 8 November 2016

2.32 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For **BSR & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number:116231W/W-100024

RAKESH DEWAN
Partner
Membership Number :092212
Place : Gurugram
Date : 01 May 2018

For and on behalf of the Board of Directors

THOMAS ZACHARIAH
Managing Director

Place : Chennai
Date : 01 May 2018

VISHNU R DUSAD
Director

Place : Noida
Date : 01 May 2018