

**CLIENT** : **SMARTIVITY LABS PRIVATE LIMITED**  
**REPORT** : **AUDIT REPORT AND IND AS FINANCIALS**  
**PERIOD** : **2017-2018**

**Awadhesh Anurag Jai & Associates**  
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## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

SMARTIVITY LABS PRIVATE LIMITED

### Report on the Financial Statements

We have audited the accompanying Ind AS financial statements of SMARTIVITY LABS PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control 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.

### 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, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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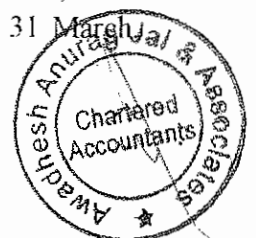
in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant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

## Opinion

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

## Report on other Legal and Regulatory Requirements

1. This report doesn't include a statement on the matters specified in paragraph 3 and 4 of the Companies (Auditor's Report) Order, 2016, issued by the department of company affairs, in terms of sub section 11 of section 143 of the companies Act, 2013 since in Our opinion and according to the information and explanation given to us, the said order is not applicable to the company.
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 appears from our examination of those books .
  - c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, 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 Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e) On the basis of 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.



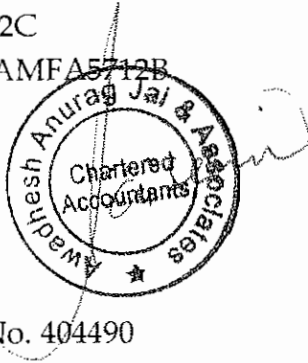
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the companies (Audit and Auditor's ) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position in Financial Statement.
  - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
  - iii. No transfer of amounts was required to the Investor's Education and Protection Fund by the Company.

**FOR M/s AWADHESH ANURAG JAI & ASSOCIATES**

*Chartered Accountants*

F.R.No. 011512C

Firm PAN: AAMFA5712B



**CA Jai Sethi**

*(Partner)*

Membership No. 404490

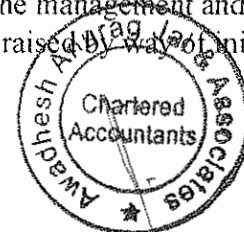
Place: New Delhi

Dated: 10<sup>th</sup> May, 2018

## ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in our Report of even date.)

- 1 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- 1 (b) The company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion is reasonable having regard to the size of the company and nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to information given to us, no material discrepancies were noticed on such verification.
2. The management has conducted physical verification of inventory at reasonable intervals. The discrepancies noticed on physical verification of inventory as compared to books record were not material.
3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register required to be maintained under section 189 of the Companies Act, 2013.
4. According to the information and explanations given to us and on the basis of representations of the management which we have relied upon, no loans were given to any party covered by section 185 or 186 of the Companies Act, 2013 and hence, this clause is not applicable.
5. According to information and explanation given to us, the Company has not accepted any deposit during the year.
6. As informed to us, the maintenance of cost records have been prescribed by Central Government under section 148(1) of the Companies Act, 203 in respect of manufacturing activity carried on by the company. We have broadly reviewed the books of accounts relating to material, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of the cost record under section and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
7. The Company is regular in depositing with appropriate authority undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, custom duty, and other applicable statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, custom tax, wealth tax, Excise duty and service tax were outstanding as at the last date of the year ending 31.3.2018 for the period exceeding six months from the date they became payable.
8. According to the records of the company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution, bank or government.
9. Based on our audit procedure performed for the purpose of reporting, the true and fair view of the financial statements and according to the information and explanations given by the management and on an overall examination of the balance sheet, we report that there were no moneys raised by way of initial



public offer/further public offer/debt instruments. We are of the opinion that moneys raised by the company by way of term loan have been applied for the purpose for which they were raised.

10. Based on our audit procedure performed for the purpose of reporting, the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
11. Based on the audit procedures performed and the information and explanations given by the management, Managerial Remuneration (if any) has been paid or provided in accordance with provisions of Companies Act, 2013.
12. The company is not a Nidhi company and hence reporting under clause (vii) of the CARO 2016 order is not applicable.
13. In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections section 177 and 188 of the Companies Act, 2013. The details of transactions during the year have been disclosed in the financial statements as required by the applicable indian accounting standard.
14. According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting requirement under clause 3(xiv) are not applicable to the company and not commented upon.
15. In our opinion and information and explanations given to us during the year the company has not entered into any non cash transaction with its directors or any associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
16. The nature of business and the activities of the company are such that the company is not required to obtain registration under section 145 –IA of the Reserve Bank of India Act, 1934.

**FOR M/s AWADHESH ANURAG JAI & ASSOCIATES**

*Chartered Accountants*

F.R.No. 011512C

Firm PAN: AAMFA5712B



**CA Jai Sethi**

*(Partner)*

Membership No. 404490

Place: New Delhi

Dated: 10<sup>th</sup> May, 2018

**Smartivity labs Pvt Ltd**  
**CIN: U74140DL2015PTC277272**  
**Balance sheet as at 31 March 2018**

(Amount in Rs.)

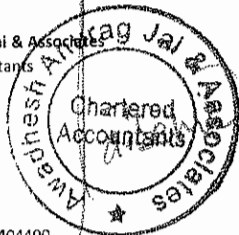
| Particulars                               | Notes | Foot Notes | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---|-------|------------|------------------------|------------------------|-----------------------|
| <b>Assets</b>                             |       |            |                        |                        |                       |
| <b>Non-current assets</b>                 |       |            |                        |                        |                       |
| Property, plant and equipment             | 3     | 1          | 7,230,653              | 2,965,103              | 731,823               |
| Other intangible assets                   | 4     | 1          | 16,515,318             | 13,837,199             | 6,376,278             |
| Other intangible assets under development | 4     | 1          | -                      | -                      | -                     |
| <b>Financial assets</b>                   |       |            |                        |                        |                       |
| - Loans                                   | 5B    | 2          | -                      | -                      | -                     |
| Deferred tax assets (net)                 | 8     | 3          | 14,297,012             | 8,309,286              | 2,598,967             |
| Other non-current assets                  | 7     | 4          | -                      | -                      | -                     |
| <b>Total non-current assets</b>           |       |            | <b>38,042,982</b>      | <b>25,111,588</b>      | <b>9,707,068</b>      |
| <b>Current assets</b>                     |       |            |                        |                        |                       |
| Inventories                               | 6     | 5          | 6,737,880              | 5,474,546              | 2,627,036             |
| <b>Financial assets</b>                   |       |            |                        |                        |                       |
| - Trade receivables                       | 5A    | 6          | 50,893,456             | 22,478,551             | 3,307,312             |
| - Cash and cash equivalents               | 5C    | 7          | 1,319,440              | 823,556                | 168,797               |
| - Loans                                   | 5B    | 8          | 140,000                | 26,667                 | 23,814                |
| Other current assets                      | 7     | 9          | 1,297,582              | 3,304,625              | 93,911                |
| <b>Total current assets</b>               |       |            | <b>60,388,359</b>      | <b>32,107,945</b>      | <b>6,220,870</b>      |
| <b>Total assets</b>                       |       |            | <b>98,431,341</b>      | <b>57,219,533</b>      | <b>15,927,938</b>     |
| <b>Equity and liabilities</b>             |       |            |                        |                        |                       |
| <b>Equity</b>                             |       |            |                        |                        |                       |
| Equity share capital                      | 9     |            | 220,330                | 207,130                | 162,070               |
| Other equity                              | 10    | 10         | 30,854,926             | 36,965,255             | 2,255,106             |
| <b>Total equity</b>                       |       |            | <b>31,075,256</b>      | <b>37,172,385</b>      | <b>2,417,176</b>      |
| <b>Non-current liabilities</b>            |       |            |                        |                        |                       |
| <b>Financial liabilities</b>              |       |            |                        |                        |                       |
| - Borrowings                              | 11A   | 11         | -                      | -                      | -                     |
| Provisions                                | 14    | 12         | -                      | -                      | -                     |
| <b>Total non current liabilities</b>      |       |            | <b>-</b>               | <b>-</b>               | <b>-</b>              |
| <b>Current liabilities</b>                |       |            |                        |                        |                       |
| <b>Financial liabilities</b>              |       |            |                        |                        |                       |
| - Borrowings                              | 11B   | 13         | 27,523,641             | 6,484,796              | 10,317,891            |
| - Trade payables                          | 12    | 13         | 32,601,596             | 8,963,721              | 819,675               |
| - Other financial liabilities             | 13    | 13         | 6,219,818              | 4,220,976              | 2,102,516             |
| Other current liabilities                 | 15    | 14         | 1,011,030              | 377,655                | 270,680               |
| Provisions                                | 14    | 15         | -                      | -                      | -                     |
| Current tax liabilities                   | 16    | 14         | -                      | -                      | -                     |
| <b>Total current liabilities</b>          |       |            | <b>67,356,085</b>      | <b>20,047,148</b>      | <b>13,510,762</b>     |
| <b>Total equity and liabilities</b>       |       |            | <b>98,431,341</b>      | <b>57,219,533</b>      | <b>15,927,938</b>     |

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

Awdesh Anurag Jai & Associates  
Chartered Accountants  
FRNo. 011512C



JAI SETHI  
Partner  
Membership No.: 404490

Place : New Delhi  
Date : 10/05/2018

For and on behalf of the Board of Directors of  
Smartivity Labs Pvt Ltd

For Smartivity Labs Pvt. Ltd. For Smartivity Labs Pvt. Ltd.

**APOORV GUPTA**  
Director  
DIN: 07226260

**ASHWANI KUMAR**  
Director  
DIN: 07226275

Director

| Particulars   | Notes | Foot Notes | (Amount in Rs.)                  |                                  | IGAAP       |                                  |
|---|-------|------------|----------------------------------|----------------------------------|-------------|----------------------------------|
|   |       |            | For the year ended 31 March 2018 | For the year ended 31 March 2017 | Ind AS Adj  | For the year ended 31 March 2017 |
| I Revenue from Operations   | 17    |            | 98,769,263                       | 40,346,578                       | -           | 40,346,578                       |
| II Other Income   | 18    | 16         | 125,543                          | 744,992                          | 2,858       | 742,134                          |
| III Total Income (I+II)   |       |            | 98,894,806                       | 41,091,570                       | 2,858       | 41,088,712                       |
| IV Expenses   |       |            |                                  |                                  |             |                                  |
| Purchases of Stock in trade   | 19    |            | -                                | -                                | -           | -                                |
| (Increase)/decrease in inventories of finished goods and stock in trade   | 21    |            | (552,674)                        | 955,842                          | -           | 955,842                          |
| Cost of raw material consumed   | 20    |            | 56,219,198                       | 18,583,350                       | -           | 18,583,350                       |
| Employee benefits expense   | 22    |            | 31,704,897                       | 16,841,385                       | -           | 16,841,385                       |
| Finance cost  | 23    |            | 615,329                          | 331,328                          | -           | 331,328                          |
| Depreciation and amortisation expense   | 24    |            | 7,816,463                        | 4,359,223                        | -           | 4,359,223                        |
| Other expenses  | 25    | 17         | 31,676,449                       | 18,500,334                       | 1,236,509   | 17,263,825                       |
| Total expenses  |       |            | 127,479,661                      | 59,571,462                       | 1,236,509   | 58,334,953                       |
| V Profit/(loss) before exceptional items and tax (III-IV)   |       |            | (28,584,855)                     | (18,479,892)                     | (1,233,651) | (17,246,241)                     |
| VI Exceptional item   |       |            | -                                | -                                | -           | -                                |
| VII Profit/(loss) before tax (V-VI)   |       |            | (28,584,855)                     | (18,479,892)                     | (1,233,651) | (17,246,241)                     |
| VIII Tax expense:   |       |            |                                  |                                  |             |                                  |
| Current tax   |       |            | -                                | -                                | -           | -                                |
| Income tax adjustment related to earlier years  |       |            | -                                | -                                | -           | -                                |
| Deferred tax (credit)/ charge   |       |            | (5,987,725)                      | (5,710,319)                      | (381,231)   | (5,329,088)                      |
| Total tax expenses  |       |            | (5,987,725)                      | (5,710,319)                      | (381,231)   | (5,329,088)                      |
| IX Profit (Loss) for the period (VII-VIII)  |       |            | (22,597,129)                     | (12,769,573)                     | (1,614,883) | (11,917,153)                     |
| X Other Comprehensive Income  |       |            |                                  |                                  |             |                                  |
| - Items that will not be reclassified to profit or loss   | 26    |            | -                                | -                                | -           | -                                |
| Re-measurement gains/(losses) on defined benefit plans  |       | 17         | -                                | -                                | -           | -                                |
| Tax impact on re-measurement (gain)/ loss on defined benefit plans  |       | 17         | -                                | -                                | -           | -                                |
| XI Total Comprehensive Income for the period (IX + X)<br>(Comprising Profit (Loss) and Other Comprehensive Income for the period) |       |            | (22,597,129)                     | (12,769,573)                     | (1,614,883) | (11,917,153)                     |
| XII Earnings per equity share:  | 27    |            |                                  |                                  |             |                                  |
| (1) Basic   |       |            | (2,242)                          | (1,267.83)                       |             |                                  |
| (2) Diluted   |       |            | (1,050)                          | (633.91)                         |             |                                  |
| Summary of significant accounting policies  | 2.1   |            |                                  |                                  |             |                                  |

The accompanying notes are an integral part of the financial statements.  
 As per our report of even date

Awdesh Anurag Jai & Associates  
 Chartered Accountants  
 FRNo. 011512C

JAI SETHI  
 Partner  
 Membership No.: 404490

Place - New Delhi  
 Date : 10/05/2018



For and on behalf of the Board of Directors of  
 Smartivity Labs Pvt Ltd

For Smartivity Labs Pvt. Ltd.

For Smartivity Labs Pvt. Ltd.

*(Signature)*

APOORV GUPTA  
 Director  
 DIN: 07226260

Director

ASHWANI KUMAR  
 Director  
 DIN: 07226275

*(Signature)*

Director



Smartivity labs Pvt Ltd  
CIN: U74140DL2015PTC277272

Cash Flow Statement

For the Years Ending 31st Mar, 2018 and 31st Mar, 2017

|   | As at 31st Mar, 2018 | As at 31st Mar, 2017 |
|---|----------------------|----------------------|
| <b>Cash Flows from Operating Activities</b>           |                      |                      |
| Net Income  | (22,597,129)         | (12,769,573)         |
| <b>Add: Expenses Not Requiring Cash:</b>              |                      |                      |
| Depreciation  | 7,816,463            | 4,359,223            |
| Differed Tax  | (5,987,725)          | (5,710,319)          |
|   | <b>(20,768,392)</b>  | <b>(1,351,096)</b>   |
| <b>Add:- Decrease in Current Assets :-</b>            |                      |                      |
| Trade receivables                                     | -                    | -                    |
| Other Current Assets                                  | 2,007,043            | -                    |
|   | <b>2,007,043</b>     |                      |
| <b>Less :- Increase in Current Assets :-</b>          |                      |                      |
| Inventories   | 1,263,334            | 2,847,510            |
| Other current assets                                  | -                    | 3,210,714            |
| Short Term Loans                                      | 113,333              | 2,853                |
| Trade receivable                                      | 28,414,905           | 19,171,239           |
|   | <b>29,791,573</b>    | <b>25,232,316</b>    |
| <b>Add:- Increase in Current Liability :</b>          |                      |                      |
| Trade payables  | 23,637,875           | 8,144,046            |
| Short Term Provision                                  | -                    | -                    |
| Short Term Borrowings                                 | 21,038,845           | -                    |
| Other Current Liability                               | 2,632,217            | 2,225,436            |
|   | <b>47,308,937</b>    | <b>10,369,482</b>    |
| <b>Less:- Decrease in Current Liabilities-</b>        |                      |                      |
| Short Term Borrowings                                 | -                    | 3,833,095            |
|   | <b>-</b>             | <b>3,833,095</b>     |
| <b>Net Cash from Operating Activities</b>             | <b>(1,243,984)</b>   | <b>(32,816,599)</b>  |
| <b>Cash Flows from Investing Activities</b>           |                      |                      |
| Add:- Sale of Fixed Assets                            | -                    | -                    |
| Less:- Purchase of New Equipment                      | 14,760,132           | 14,053,424           |
| Less:- Investments Increased                          | -                    | -                    |
| <b>Net Cash Used for Investing Activities</b>         | <b>(14,760,132)</b>  | <b>(14,053,424)</b>  |
| <b>Cash Flows from Financing Activities</b>           |                      |                      |
| Add Share capital                                     | 13,200               | 45,060               |
| Add Security premium                                  | 16,486,800           | 47,479,722           |
| <b>Net Cash from Financing Activities</b>             | <b>16,500,000</b>    | <b>47,524,782</b>    |
| <b>NET INCREASE/(DECREASE) IN CASH</b>                | <b>495,884</b>       | <b>654,759</b>       |
| CASH, & CASH EQUIVALENT AT THE BEGINNING OF YEAR      | 823,556              | 168,797              |
| <b>CASH, &amp; CASH EQUIVALENT AT THE END OF YEAR</b> | <b>1,319,441</b>     | <b>823,556</b>       |

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

Awdesh Anurag Jai & Associates  
Chartered Accountants  
FRNo. 011512C




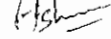
For and on behalf of the Board of Directors of  
Smartivity Labs Pvt Ltd

For Smartivity Labs Pvt. Ltd.

For Smartivity Labs Pvt. Ltd.

JAI SETHI  
Partner,  
Membership No.: 404490

  
APOORV GUPTA  
Director  
DIN: 07226260

  
ASHWANI KUMAR  
Director  
DIN: 07226275

Place : New Delhi  
Date : 10/05/2018

Smartivity labs Pvt. Ltd.

CIN: U74140DL2015PTC277272

Notes to financial statements for the year ended 31 March 2018

(Amounts in Indian Rupees, unless otherwise stated)

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## 1. Corporate information

Smartivity labs Private Limited (the company) is a private company incorporated under the provisions of the Companies Act, 1956.

These are stand alone financial statements and, accordingly, these Indian Accounting Standard (Ind AS) financial statements incorporate amounts and disclosures related to the Company only.

## 2. Significant accounting policies

### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31 March 2017, the Company prepared its unconsolidated financial statements in accordance with accounting standards notified under the section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounting Standards) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016 (Indian GAAP). These financial statements for the year ended 31 March 2018 are the first the Company has prepared in accordance with Ind AS. Reconciliation and description of effect of transition to Ind AS has been summarised in balance sheet.

The financial statements have been prepared on a historical cost convention, except for Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in INR (Indian Rupees) and all values are rounded to the nearest Rupee, except when otherwise indicated.

### 2.2 Summary of significant accounting policies

#### a.) Current versus non-current classification

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

An asset is classified as current when it is:

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

All other assets are classified as non-current.

A liability is classified as current when:



Smartivity labs Pvt. Ltd.

CIN: U74140DL2015PTC277272

Notes to financial statements for the year ended 31 March 2018

(Amounts in Indian Rupees, unless otherwise stated)

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

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of classification of its assets and liabilities as current and non-current.

## b.) Foreign currencies

### Functional and presentational currency

The Company's financial statements are presented in INR, which is also the Company's functional currency. Functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash.

### Transactions and balances

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

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

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

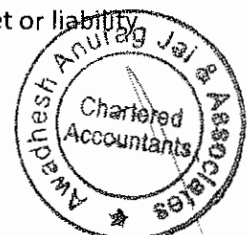
## c.) Fair value measurement

The Company measures certain financial instruments at fair value at each reporting date.

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

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

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



Smartivity labs Pvt. Ltd.

CIN: U74140DL2015PTC277272

Notes to financial statements for the year ended 31 March 2018

(Amounts in Indian Rupees, unless otherwise stated)

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

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

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

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

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

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

External valuers are involved for valuation of significant assets such as valuation of unquoted investments and significant liabilities such as contingent consideration, where ever applicable. Involvement of external valuers is decided upon annually by the Company's management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Company's management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company's management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

#### d.) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received.



Smartivity labs Pvt. Ltd.

CIN: U74140DL2015PTC277272

Notes to financial statements for the year ended 31 March 2018

(Amounts in Indian Rupees, unless otherwise stated)

measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognised.

#### **Sale of goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of sales returns, turnover discounts and cash discounts.

The provision for anticipated returns, turnover discount and cash discount is primarily made on estimated basis based on historical trends, wherever applicable.

#### **Job Work**

Revenue from Job work is recognized when printing and binding job is complete and accepted by the customer and all significant risk and rewards relating to job work are transferred to customer. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

#### **Interest income**

Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head "other income" in the statement of profit or loss.

For all financial instruments measured at amortised cost and other interest-bearing financial assets, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

#### **Dividend income**

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

#### **e.) Income taxes**



Smartivity labs Pvt. Ltd.

CIN: U74140DL2015PTC277272

Notes to financial statements for the year ended 31 March 2018

(Amounts in Indian Rupees, unless otherwise stated)

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Income taxes consist of current taxes and changes in deferred tax liabilities and assets.

#### Current income tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

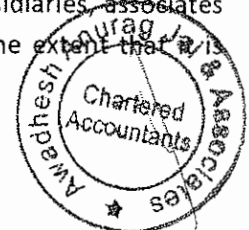
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that



Smartivity labs Pvt. Ltd.

CIN: U74140DL2015PTC277272

Notes to financial statements for the year ended 31 March 2018

(Amounts in Indian Rupees, unless otherwise stated)

probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

In the situations where the company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the period in which the temporary differences originate. However, the company restricts recognition of deferred tax assets to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### f.) Property, plant and equipment

Under the previous GAAP (Indian GAAP), property, plant and equipment as at 1<sup>st</sup> April 2016, were carried in the balance sheet at cost, net of accumulated depreciation and accumulated impairment losses, if any.

On transition to Ind AS, the Company has elected to continue with the carrying value for all its item of property, plant and equipment as recognised in its Indian GAAP financial as deemed cost at the transition date, viz, 1<sup>st</sup> April 2016.

Capital work in progress, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property,



Smartivity labs Pvt. Ltd.

CIN: U74140DL2015PTC277272

Notes to financial statements for the year ended 31 March 2018

(Amounts in Indian Rupees, unless otherwise stated)

plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when

a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use, is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

#### Depreciation

Depreciation on property, plant and equipment, other than leasehold improvements, have been provided on basis of companies act 2013, on the written down value method, using rates determined based on management's technical assessment of useful economic life of the assets.

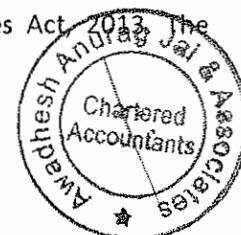
Followings are the estimated useful lives of various category of assets used.

| Category of assets     | Useful life as adopted by management | Useful life as per Schedule II |
|------------------------|--------------------------------------|--------------------------------|
| Plant and equipment    | 15years                              | 15 years                       |
| Furniture and fixture  | 10 years                             | 10 years                       |
| Intangible Assets      | 5 years                              | 5 years                        |
| Office Equipment       | 5 years                              | 5 years                        |
| Other (Specify Nature) | 6 years                              | 6 years                        |

Leasehold improvements are amortised over economic useful life or unexpired period of lease whichever is less. Assets costing 5,000 or less are depreciated entirely in the year of purchase.

Second hand machinery purchased during the year is depreciated considering its useful life based upon management's assessment is 15 years.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and machinery, vehicles, computers and building over estimated useful lives which are different from useful life prescribed in Schedule II to the Companies Act,





Smartivity labs Pvt. Ltd.

CIN: U74140DL2015PTC277272

Notes to financial statements for the year ended 31 March 2018

(Amounts in Indian Rupees, unless otherwise stated)

management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

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

#### g.) Intangible assets

Under the previous GAAP (Indian GAAP), intangible assets were carried in the balance sheet at cost, net of accumulated amortization and accumulated impairment losses, if any.

On transition to Ind AS, The Company has elected to continue with the carrying value for all its item of intangible assets as recognised in its Indian GAAP financial as deemed cost at the transition date, viz, 1<sup>st</sup> April 2016.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses if any, internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the statement of profit or loss when it is incurred.

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

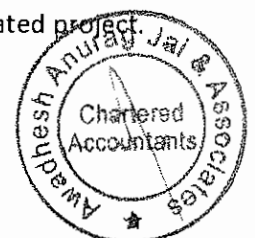
#### Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale. Its intention to complete the asset.
- Its ability to use or sell the asset. How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use.

It is amortized on a straight line basis over the period of expected future benefit from the related project.



Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

**Amortisation**

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

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

| Intangible assets | Useful lives | Amortization method used | Internally generated or acquired |
|-------------------|--------------|--------------------------|----------------------------------|
| Software          | (5 years)    | Amortized on WDV method. | Acquired                         |
| Patent            | (5 years)    | Amortized on WDV method. | Acquired                         |
| Development Cost  | (5 years)    | Amortized on WDV method. | Acquired                         |
| Bar Code          | (5 years)    | Amortized on WDV method. | Acquired                         |
| Testing/Patent    | (5 years)    | Amortized on WDV method. | Acquired                         |
| Tally ERP         | (5 years)    | Amortized on WDV method. | Acquired                         |

**h.) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they are incurred. Capitalisation of borrowing costs is suspended and charged to the Statement of profit and loss during extended period when active development activity of the qualifying assets is interrupted.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. It also includes exchanges differences to the extent regarded as an adjustment to the borrowing costs.



**i.) Leases**

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

**Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. An operating lease is a lease other than a finance lease.

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

**j.) Inventories**

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

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

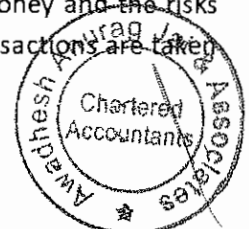
- **Raw materials:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on First in first out (FIFO) basis.
- **Finished goods and work in progress:** cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on First in first out (FIFO) basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**k.) Impairment of non-financial assets**

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken



Smartivity labs Pvt. Ltd.

CIN: U74140DL2015PTC277272

Notes to financial statements for the year ended 31 March 2018

(Amounts in Indian Rupees, unless otherwise stated)

into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

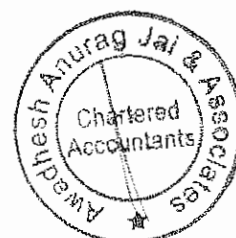
Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

## 1.) Financial Instruments

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

### Financial assets

#### Initial recognition and measurement



Smartivity labs Pvt. Ltd.

CIN: U74140DL2015PTC277272

Notes to financial statements for the year ended 31 March 2018

(Amounts in Indian Rupees, unless otherwise stated)

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

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

#### Debt instruments at amortised cost

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

#### Debt instrument at FVTOCI

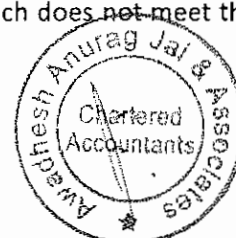
A debt instruments is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

#### Debt instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.



Smartivity labs Pvt. Ltd.

CIN: U74140DL2015PTC277272

Notes to financial statements for the year ended 31 March 2018

(Amounts in Indian Rupees, unless otherwise stated)

In addition, the Company may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

#### Equity investments

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

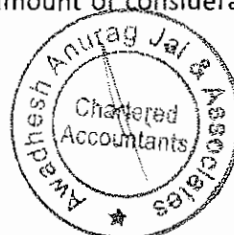
#### De-recognition

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

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

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

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



Smartivity labs Pvt. Ltd.

CIN: U74140DL2015PTC277272

Notes to financial statements for the year ended 31 March 2018

(Amounts in Indian Rupees, unless otherwise stated)

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### Impairment of financial assets

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

- Financial assets that are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are measured as at FVTOCI
- Lease receivables under Ind-AS 17.
- Contract assets and trade receivables under Ind-AS 18.
- Loan commitments which are not measured as at FVTPL.
- Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables, and
- Security Deposits.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.



Smartivity labs Pvt. Ltd.

CIN: U74140DL2015PTC277272

Notes to financial statements for the year ended 31 March 2018

(Amounts in Indian Rupees, unless otherwise stated)

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

The balance sheet presentation for various financial instruments is described below:-

- a) **For financial assets measured as at amortised cost and lease receivables:** ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- b) **Loan commitments and financial guarantee contracts:** ECL is presented as a provision in the balance sheet, i.e. as a liability.
- c) **Debt instruments measured at FVTOCI:** Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

## Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

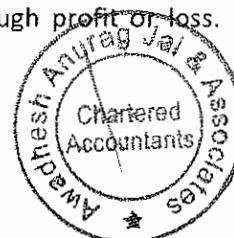
The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

### Subsequent measurement

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

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial





Smartivity labs Pvt. Ltd.

CIN: U74140DL2015PTC277272

Notes to financial statements for the year ended 31 March 2018

(Amounts in Indian Rupees, unless otherwise stated)

liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the profit or loss.

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

### Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

### Financial guarantee contracts

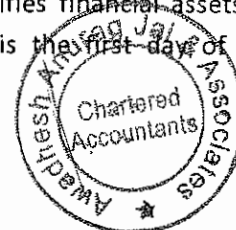
Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised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

### De-recognition

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

### Re-classification of Financial Assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the



Smartivity labs Pvt. Ltd.

CIN: U74140DL2015PTC277272

Notes to financial statements for the year ended 31 March 2018

(Amounts in Indian Rupees, unless otherwise stated)

immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

#### **Offsetting of Financial Instruments**

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

#### **m.) Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

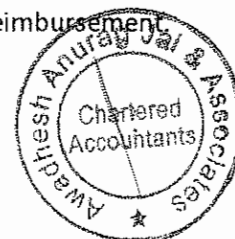
The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using actuarial valuation at each reporting date.

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

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

#### **n.) Provisions**

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



Smartivity labs Pvt. Ltd.

CIN: U74140DL2015PTC277272

Notes to financial statements for the year ended 31 March 2018

(Amounts in Indian Rupees, unless otherwise stated)

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

**o.) Contingencies**

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

**p.) Decommissioning liability**

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

**q.) Cash and cash equivalents**

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

For the purpose statement of cash flows, cash and cash equivalents consist of cash at bank and in hand and short term investments with an original maturity of three months or less.

**r.) Earnings Per Share (EPS)**

Basic EPS amounts are calculated by dividing the net profit or loss for the period attributable to equity shareholders of the company including convertible preference share which mandatorily converted into equity shares in the future period by the weighted average number of equity & convertible preference shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit or loss attributable to equity shareholders as adjusted for interest and other charges to expense or income relating to the dilutive potential equity shares by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares.



Smartivity labs Pvt Ltd  
CIN: U74140DL2015PTC277272  
Notes to financial statement as at 31 March 2018

3 Property, plant and equipment

(Amount in Rs.)

| Particulars                     | Plant & Machinery | Furniture & Fixtures | Lease hold Improvement | Office Equipments | Computer  | Motor Vehicles | Total     |
|---------------------------------|-------------------|----------------------|------------------------|-------------------|-----------|----------------|-----------|
| <b>Gross block</b>              |                   |                      |                        |                   |           |                |           |
| As at 1 April 2016              | 528,302           | 152,277              | -                      | 37,800            | 92,913    | -              | 811,292   |
| Additions                       | 1,721,569         | 456,799              | -                      | 39,950            | 605,381   | -              | 2,823,699 |
| Disposals                       | -                 | -                    | -                      | -                 | -         | -              | -         |
| As at 31 March 2017             | 2,249,871         | 609,076              | -                      | 77,750            | 698,294   | -              | 3,634,991 |
| Additions                       | 4,612,347         | 110,882              | -                      | 7,500             | 992,032   | -              | 5,722,761 |
| Disposals                       | -                 | -                    | -                      | -                 | -         | -              | -         |
| As at 31 March 2018             | 6,862,218         | 719,958              | -                      | 85,250            | 1,690,326 | -              | 9,357,752 |
| <b>Accumulated depreciation</b> |                   |                      |                        |                   |           |                |           |
| As at 1 April 2016              | 39,106            | 19,875               | -                      | 8,948             | 11,540    | -              | 79,469    |
| Charge for the year             | 237,883           | 120,176              | -                      | 28,276            | 204,084   | -              | 590,419   |
| Deductions                      | -                 | -                    | -                      | -                 | -         | -              | -         |
| As at 31 March 2017             | 276,989           | 140,051              | -                      | 37,224            | 215,624   | -              | 669,888   |
| Charge for the year             | 1,005,024         | 135,539              | -                      | 18,812            | 297,836   | -              | 1,457,211 |
| Deductions                      | -                 | -                    | -                      | -                 | -         | -              | -         |
| As at 31 March 2018             | 1,282,013         | 275,590              | -                      | 56,036            | 513,460   | -              | 2,127,099 |
| <b>Net block</b>                |                   |                      |                        |                   |           |                |           |
| As at 1 April 2016              | 489,196           | 132,402              | -                      | 28,852            | 81,373    | -              | 731,823   |
| As at 31 March 2017             | 1,972,882         | 469,025              | -                      | 40,526            | 482,670   | -              | 2,965,103 |
| As at 31 March 2018             | 5,580,205         | 444,368              | -                      | 29,214            | 1,176,866 | -              | 7,230,653 |

4 Intangible assets

(Amount in Rs.)

| Particulars                     | Patent    | Goodwill | In-House Product Development | Computer Software | Total      | Capital WIP |
|---------------------------------|-----------|----------|------------------------------|-------------------|------------|-------------|
| <b>Gross block</b>              |           |          |                              |                   |            |             |
| As at 1 April 2016              | 193,720   | -        | 6,227,085                    | -                 | 6,420,805  | -           |
| Purchases/internal development  | 908,689   | -        | 7,949,257                    | 2,371,779         | 11,229,725 | -           |
| Disposals/Transferred to Block  | -         | -        | -                            | -                 | -          | -           |
| Ind AS adjustments              | -         | -        | -                            | -                 | -          | -           |
| As at 31 March 2017             | 1,102,409 | -        | 14,176,342                   | 2,371,779         | 17,650,530 | -           |
| Purchases/internal development  | 316,552   | -        | 8,720,819                    | -                 | 9,037,371  | -           |
| Disposals/Transferred to Block  | -         | -        | -                            | -                 | -          | -           |
| As at 31 March 2018             | 1,418,961 | -        | 22,897,161                   | 2,371,779         | 26,687,901 | -           |
| <b>Accumulated depreciation</b> |           |          |                              |                   |            |             |
| As at 1 April 2016              | 36,849    | -        | 7,677                        | -                 | 44,528     | -           |
| Amortization for the year       | 90,540    | -        | 2,798,733                    | 879,531           | 3,768,804  | -           |
| Deductions                      | -         | -        | -                            | -                 | -          | -           |
| Ind AS adjustments              | -         | -        | -                            | -                 | -          | -           |
| As at 31 March 2017             | 127,389   | -        | 2,806,410                    | 879,531           | 3,813,332  | -           |
| Amortization for the year       | 530,677   | -        | 5,116,469                    | 712,106           | 6,359,252  | -           |
| Deductions                      | -         | -        | -                            | -                 | -          | -           |
| As at 31 March 2018             | 658,066   | -        | 7,922,879                    | 1,591,637         | 10,172,584 | -           |
| <b>Net block</b>                |           |          |                              |                   |            |             |
| As at 1 April 2016              | 156,871   | -        | 6,219,408                    | -                 | 6,376,278  | -           |
| As at 31 March 2017             | 975,020   | -        | 11,369,932                   | 1,492,248         | 13,837,199 | -           |
| As at 31 March 2018             | 760,895   | -        | 14,974,282                   | 780,142           | 16,515,318 | -           |



Smartivity labs Pvt Ltd  
CIN: U74140DL2015PTC277272  
Statement of changes in equity for the year ended 31 March 2018

A. Equity share capital:

| Equity shares   | No. of shares | Amount in Rs. |
|---|---------------|---------------|
| Issued, subscribed and fully paid up (Share of Rs. 10 each) |               |               |
| At 1 April 2016   | 10,006        | 100,060       |
| Increase/(decrease) during the year                         | 73            | 730           |
| At 31 March 2017  | 10,079        | 100,790       |
| Increase/(decrease) during the year                         | -             | -             |
| At 31 March 2018  | 10,079        | 100,790       |

B. Convertible Preference share capital:

| Equity shares   | No. of shares | Amount in Rs. |
|---|---------------|---------------|
| Issued, subscribed and fully paid up (Share of Rs. 10 each) |               |               |
| At 1 April 2016   | 6,201         | 62,010        |
| Increase/(decrease) during the year                         | 4,433         | 44,330        |
| At 31 March 2017  | 10,634        | 106,340       |
| Increase/(decrease) during the year                         | 1,320         | 13,200        |
| At 31 March 2018  | 11,954        | 119,540       |

C. Other equity

| Particulars   | Reserve & Surplus |                  |                         | Items of OCI | Total       |
|---|-------------------|------------------|-------------------------|--------------|-------------|
|   | Retained earnings | Security premium | Share Application Money |              |             |
| Balance as at 1st April 2016                              | (5,962,962)       | 8,218,068        | -                       | -            | 2,255,106   |
| Changes in accounting policy / prior period errors        | -                 | -                | -                       | -            | -           |
| Restated balance at the beginning of the reporting period | (5,962,962)       | 8,218,068        | -                       | -            | 2,255,106   |
| Add: Surplus during the year                              | (12,769,573)      | 47,479,722       | -                       | -            | 34,710,149  |
| Add:ind as adjustment reversed during the year            | -                 | -                | -                       | -            | -           |
| Balance as at 31st March, 2017                            | (18,732,535)      | 55,697,790       | -                       | -            | 36,965,255  |
| Changes in accounting policy / prior period errors        | -                 | -                | -                       | -            | -           |
| Restated balance at the beginning of the reporting period | (18,732,535)      | 55,697,790       | -                       | -            | 36,965,255  |
| Add: Surplus/received during the year                     | (22,597,129)      | 16,486,800       | -                       | -            | (6,110,329) |
| Add:ind as adjustment reversed during the year            | -                 | -                | -                       | -            | -           |
| Balance as at 31st March, 2018                            | (41,329,664)      | 72,184,590       | -                       | -            | 30,854,926  |



Smartivity labs Pvt Ltd  
CIN: U74140DL2015PTC277272  
Notes to financial statement as at 31 March 2018

5. Financial Assets

5A. Trade receivables

(Amount in Rs.)

| Particulars                                     | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---|------------------------|------------------------|-----------------------|
| <b>Trade receivables</b>                        |                        |                        |                       |
| Unsecured, considered good                      | 52,173,841             | 23,712,310             | 3,307,312             |
| Doubtful  | -                      | -                      | -                     |
|   | <b>52,173,841</b>      | <b>23,712,310</b>      | <b>3,307,312</b>      |
| <b>Less: Allowance for expected credit loss</b> |                        |                        |                       |
| Unsecured, considered good                      | 1,280,385              | 1,233,758              | -                     |
| Doubtful  | -                      | -                      | -                     |
|   | <b>1,280,385</b>       | <b>1,233,758</b>       | <b>-</b>              |
| <b>Net Trade receivables</b>                    |                        |                        |                       |
| Unsecured, considered good                      | 50,893,456             | 22,478,551             | 3,307,312             |
| Doubtful  | -                      | -                      | -                     |
|   | <b>50,893,456</b>      | <b>22,478,551</b>      | <b>3,307,312</b>      |
| <b>Current</b>                                  | <b>50,893,456</b>      | <b>22,478,551</b>      | <b>3,307,312</b>      |
| <b>Non-Current</b>                              | <b>-</b>               | <b>-</b>               | <b>-</b>              |

The activities in the allowance for doubtful receivables is given below:

| Particulars   | As at<br>31st March,<br>2018 | As at<br>31st March,<br>2017 | As at<br>1st April,<br>2016 |
|---|------------------------------|------------------------------|-----------------------------|
| Balance at the beginning of the year                | -                            | -                            | -                           |
| Addition during the year, net                       | -                            | -                            | -                           |
| Uncollectable receivables charged against allowance | -                            | -                            | -                           |
| Balance at the end of the year                      | -                            | -                            | -                           |

Expected credit loss: Under the Previous GAAP, loss provision for trade receivables was created based on credit risk assessment. Under Ind AS, these provisions are based on assessment of risk of default and timing of collection.

The Company has applied the simplified approach to providing for expected credit losses on trade receivables as described by IFRS 9, which requires the use of lifetime expected credit loss provision for all trade receivables.

These provisions are based on assessment of risk of default and expected timing of collection. A cumulative impairment provision of Rs. 12,33,758/- on march 31st 2017.

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.



Smartivity labs Pvt Ltd  
CIN: U74140DL2015PTC277272  
Notes to financial statement as at 31 March 2018

| (Amount in Rs.)                                      |                        |                        |                       |
|--|------------------------|------------------------|-----------------------|
| Particulars  | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
| <b>5B. Loans</b>                                     |                        |                        |                       |
| Security deposits - Non Current                      | -                      | -                      | -                     |
| Security deposits - Current                          | 140,000                | 26,667                 | 23,814                |
| <b>Total Loans and Advances</b>                      | <b>140,000</b>         | <b>26,667</b>          | <b>23,814</b>         |
| <b>Current</b>                                       | <b>140,000</b>         | <b>26,667</b>          | <b>23,814</b>         |
| <b>Non-Current</b>                                   | <b>-</b>               | <b>-</b>               | <b>-</b>              |
| Unsecured, considered good                           | 140,000                | 26,667                 | 23,814                |
| Unsecured, considered doubtful                       | -                      | -                      | -                     |
| Less: Allowance for expected credit loss             | -                      | -                      | -                     |
|  | <b>140,000</b>         | <b>26,667</b>          | <b>23,814</b>         |
| <b>5C. Cash and cash equivalents</b>                 |                        |                        |                       |
| (Amount in Rs.)                                      |                        |                        |                       |
| Particulars  | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
| Balances with banks                                  |                        |                        |                       |
| - In current accounts                                | 1,200,293              | 778,016                | 126,087               |
| Cash in hand   | 119,147                | 45,540                 | 42,710                |
| <b>Total Cash and cash equivalents</b>               | <b>1,319,440</b>       | <b>823,556</b>         | <b>168,797</b>        |
| <b>Current</b>                                       | <b>1,319,440</b>       | <b>823,556</b>         | <b>168,797</b>        |
| <b>Non-Current</b>                                   | <b>-</b>               | <b>-</b>               | <b>-</b>              |
| <b>6. Inventories</b>                                |                        |                        |                       |
| (Amount in Rs.)                                      |                        |                        |                       |
| Particulars  | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
| Raw materials (refer note.....)                      | 6,151,004              | 5,406,290              | 1,589,035             |
| Work in progress (refer note.....)                   | -                      | 34,052                 | 47,955                |
| Finished goods (refer note.....)                     | -                      | -                      | -                     |
| Manufactured goods                                   | 586,876                | 34,204                 | 990,046               |
| Imported goods                                       | -                      | -                      | -                     |
| Traded goods   | -                      | -                      | -                     |
|  | <b>6,737,880</b>       | <b>5,474,546</b>       | <b>2,627,036</b>      |
| Less : Provision for slow & non moving raw materials | -                      | -                      | -                     |
| <b>Total Inventories</b>                             | <b>6,737,880</b>       | <b>5,474,546</b>       | <b>2,627,036</b>      |



Smartivity labs Pvt Ltd  
CIN: U74140DL2015PTC277272  
Notes to financial statement as at 31 March 2018

7. Other Assets

7A. Prepaid expenses

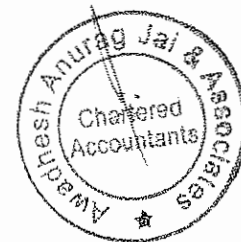
| Particulars                    | (Amount in Rs.)        |                        |                       |
|--------------------------------|------------------------|------------------------|-----------------------|
|                                | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
| Prepaid expenses (Non current) | -                      | -                      | -                     |
| Prepaid expenses (Current)     | 6,448                  | -                      | 93,911                |
| <b>Total Prepaid expenses</b>  | <b>6,448</b>           | <b>-</b>               | <b>93,911</b>         |

7B. Other assets

| Particulars                        | (Amount in Rs.)        |                        |                       |
|------------------------------------|------------------------|------------------------|-----------------------|
|                                    | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
| Balances with government authority |                        |                        |                       |
| Vat Recoverable                    | 91,094                 | -                      | -                     |
| Import duty & Duty drawback        | -                      | -                      | -                     |
| Other                              | 486,610                | 91,717                 | -                     |
| Advance to Suppliers               | 713,430                | 1,390,110              | -                     |
| Advance to employees               | -                      | -                      | -                     |
| Deposite with High Court           | -                      | -                      | -                     |
| Other advances                     | -                      | 1,822,798              | -                     |
| <b>Total Other assets</b>          | <b>1,291,134</b>       | <b>3,304,625</b>       | <b>-</b>              |
| <b>Current</b>                     | <b>1,297,582</b>       | <b>3,304,625</b>       | <b>93,911</b>         |
| <b>Non-Current</b>                 | <b>-</b>               | <b>-</b>               | <b>-</b>              |

8. Deferred taxes

| Particulars   | (Amount in Rs.)        |                        |                       |
|---|------------------------|------------------------|-----------------------|
|   | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
| <b>Items leading to creation of deferred tax assets</b>   |                        |                        |                       |
| Impact of expenditure charged to the statement of profit and loss account in the current year but allowed for tax purposes on payment basis in subsequent years | 13,558,471             | -                      | 2,846,449             |
| Impact on account of brought forward depreciation of income tax   | -                      | -                      | (247,482)             |
| Provision for doubtful debt & advances  | -                      | 8,001,331              | -                     |
| Impact of Ind AS adjustments  | -                      | 381,231                | -                     |
| <b>Total deferred tax assets</b>  | <b>13,558,471</b>      | <b>8,382,562</b>       | <b>2,598,967</b>      |
| <b>Items leading to creation of deferred tax liabilities/(assets)</b>   |                        |                        |                       |
| Fixed assets: impact of differences between tax depreciation and depreciation/ amortization charged in the financial statements                                 | (408,841)              | 73,276                 | -                     |
| Impact of Ind AS adjustments  | (329,699)              | -                      | -                     |
| <b>Total deferred tax liabilities/(assets)</b>  | <b>(738,541)</b>       | <b>73,276</b>          | <b>-</b>              |
| <b>Net deferred tax assets/(liabilities)</b>  | <b>14,297,012</b>      | <b>8,309,286</b>       | <b>2,598,967</b>      |





Smartivity labs Pvt Ltd  
CIN: U74140DL2015PTC277272  
Notes to financial statements for the year ended 31 March 2018

9 Share Capital

9A. Issued, subscribed and fully paid equity capital

| Particulars   | No. of shares | Amount  |
|---|---------------|---------|
| At 1 April 2017   | 10,079        | 100,790 |
| Issued during the year  | -             | -       |
| At 31 March 2018  | 10,079        | 100,790 |
| <b>Issued, subscribed and fully paid Convertible Preference Share Capital</b> |               |         |
| Particulars   | No. of shares | Amount  |
| At 1 April 2017   | 10,634        | 106,340 |
| Issued during the year  | 1,320         | 13,200  |
| At 31 March 2018  | 11,954        | 119,540 |

9B. Details of Equity shareholders holding more than 5% shares in the company

| Name of the shareholder | No. of shares | % of Holding |
|-------------------------|---------------|--------------|
| ASHISH GUPTA            | 2,240         | 22.22%       |
| TUSHAR A AMIN           | 1,940         | 19.25%       |
| ASHWANI KUMAR           | 1,940         | 19.25%       |
| APOORV GUPTA            | 1,940         | 19.25%       |
| RAJAT JAIN              | 1,940         | 19.25%       |

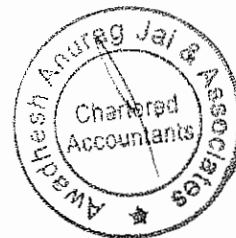
10 Other equity

| Particulars  | Share Application Money | Retained earnings | Security premium | Total        |
|--|-------------------------|-------------------|------------------|--------------|
| As at 1st April 2017 as per Ind AS   | -                       | (18,732,535)      | 55,697,790       | 36,965,255   |
| Add: Profit during the period  | -                       | -                 | -                | -            |
| Ind AS Adjustments: (1st April 2017)   | -                       | -                 | -                | -            |
| Adjustments on account of -  | -                       | -                 | -                | -            |
| - Security deposit discounting under Ind AS  | -                       | -                 | -                | -            |
| - Adjustment on account of Deferred tax asset/liability recognized on Ind AS adjustments | -                       | -                 | -                | -            |
| - Impairment of trade receivable   | -                       | -                 | -                | -            |
| Ind AS Adjustments:(31st March 2018)   | -                       | -                 | -                | -            |
| Add: Profit during the period  | -                       | (22,597,129)      | -                | (22,597,129) |
| Add: Application Money received  | -                       | -                 | -                | -            |
| Adjustments on account of -  | -                       | -                 | -                | -            |
| - Ind AS Adjustments from statement of profit & loss                                     | -                       | -                 | -                | -            |
| - Ind as adjustment reversed during the year   | -                       | -                 | -                | -            |
| - Other comprehensive income   | -                       | -                 | -                | -            |
| - Impairment of trade receivable   | -                       | -                 | -                | -            |
| As at 31 March 2018 as per Ind AS  | -                       | (41,329,664)      | 55,697,790       | 14,368,126   |

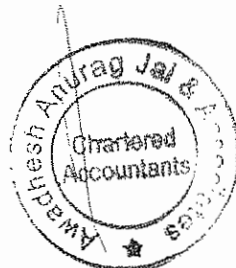
11 Borrowings

11A. Non-current borrowings

| Particulars                                      | IGAAP | Ind AS Adj April 2017 | Ind AS Adj March 2018 | Ind AS |
|--|-------|-----------------------|-----------------------|--------|
| <b>Secured Loans</b>                             |       |                       |                       |        |
| Indian rupee loan from bank (HDFC Bank Limited)  | -     | -                     | -                     | -      |
| <b>Total non-current borrowings</b>              | -     | -                     | -                     | -      |
| Less : Curret maturities of long term borrowings | -     | -                     | -                     | -      |
| <b>Net non-current borrowings</b>                | -     | -                     | -                     | -      |
| <b>Secured</b>                                   | -     | -                     | -                     | -      |
| <b>Unsecured</b>                                 | -     | -                     | -                     | -      |

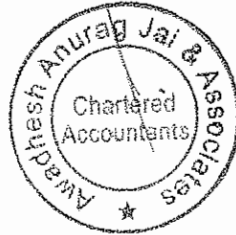


| 11B. Current borrowings  |                   |                          |                          |                   |
|--|-------------------|--------------------------|--------------------------|-------------------|
| Particulars  | IGAAP             | Ind AS Adj<br>April 2017 | Ind AS Adj<br>March 2018 | Ind AS            |
| <b>Secured:</b>  |                   |                          |                          |                   |
| Loans repayable on demand from bank  | -                 | -                        | -                        | -                 |
| Cash credit facility from banks  | -                 | -                        | -                        | -                 |
| <b>Unsecured :</b>   |                   |                          |                          |                   |
| Loans and advances from related parties  | 7,729,713         | -                        | -                        | 7,729,713         |
| Advances from Employees  | -                 | -                        | -                        | -                 |
| Other loans and advances   | 19,793,928        | -                        | -                        | 19,793,928        |
| <b>Total current borrowings</b>  | <b>27,523,641</b> | <b>-</b>                 | <b>-</b>                 | <b>27,523,641</b> |
| <b>Current</b>   | <b>27,523,641</b> | <b>-</b>                 | <b>-</b>                 | <b>27,523,641</b> |
| <b>Non-Current</b>   | <b>-</b>          | <b>-</b>                 | <b>-</b>                 | <b>-</b>          |
| 12 Trade payables  |                   |                          |                          |                   |
| Particulars  | IGAAP             | Ind AS Adj<br>April 2017 | Ind AS Adj<br>March 2018 | Ind AS            |
| Total outstanding dues of micro enterprises & small enterprises: and                 | -                 | -                        | -                        | -                 |
| Total outstanding dues of creditors other than micro enterprises & small enterprises | 32,601,596        | -                        | -                        | 32,601,596        |
| <b>Total Trade payables</b>  | <b>32,601,596</b> | <b>-</b>                 | <b>-</b>                 | <b>32,601,596</b> |
| <b>Current</b>   | <b>32,601,596</b> | <b>-</b>                 | <b>-</b>                 | <b>32,601,596</b> |
| <b>Non-Current</b>   | <b>-</b>          | <b>-</b>                 | <b>-</b>                 | <b>-</b>          |
| 13 Other financial liabilities   |                   |                          |                          |                   |
| Particulars  | IGAAP             | Ind AS Adj<br>April 2017 | Ind AS Adj<br>March 2018 | Ind AS            |
| Expenses Payables  | 1,257,368         | -                        | -                        | 1,257,368         |
| Payable to employees   | 4,962,450         | -                        | -                        | 4,962,450         |
| Current maturities of long-term Borrowings   | -                 | -                        | -                        | -                 |
| Interest accrued but not due on vehicle loan   | -                 | -                        | -                        | -                 |
| <b>Total other financial liabilities</b>   | <b>6,219,818</b>  | <b>-</b>                 | <b>-</b>                 | <b>6,219,818</b>  |
| <b>Current</b>   | <b>6,219,818</b>  | <b>-</b>                 | <b>-</b>                 | <b>6,219,818</b>  |
| <b>Non current</b>   | <b>-</b>          | <b>-</b>                 | <b>-</b>                 | <b>-</b>          |
| 14 Provisions  |                   |                          |                          |                   |
| Particulars  | IGAAP             | Ind AS Adj<br>April 2017 | Ind AS Adj<br>March 2018 | Ind AS            |
| Provision for retirement benefits  |                   |                          |                          |                   |
| Gratuity   | -                 | -                        | -                        | -                 |
| Leave Encashment   | -                 | -                        | -                        | -                 |
| <b>Total Provisions</b>  | <b>-</b>          | <b>-</b>                 | <b>-</b>                 | <b>-</b>          |
| <b>Current</b>   | <b>-</b>          | <b>-</b>                 | <b>-</b>                 | <b>-</b>          |
| <b>Non current</b>   | <b>-</b>          | <b>-</b>                 | <b>-</b>                 | <b>-</b>          |
| 15 Other liabilities   |                   |                          |                          |                   |
| Particulars  | IGAAP             | Ind AS Adj<br>April 2017 | Ind AS Adj<br>March 2018 | Ind AS            |
| <b>Statutory Dues Payable</b>  |                   |                          |                          |                   |
| TDS Payable  | 578,515           | -                        | -                        | 578,515           |
| ESI & PF Payables  | 266,519           | -                        | -                        | 266,519           |
| GST Payables   | 46,944            | -                        | -                        | 46,944            |
| CST & VAT  | -                 | -                        | -                        | -                 |
| Advance from customer  | 119,052           | -                        | -                        | 119,052           |
| <b>Total Other liabilities</b>   | <b>1,011,030</b>  | <b>-</b>                 | <b>-</b>                 | <b>1,011,030</b>  |
| <b>Current</b>   | <b>1,011,030</b>  | <b>-</b>                 | <b>-</b>                 | <b>1,011,030</b>  |
| <b>Non current</b>   | <b>-</b>          | <b>-</b>                 | <b>-</b>                 | <b>-</b>          |
| 16 Current Tax Liabilities   |                   |                          |                          |                   |
| Particulars  | As per<br>IGAAP   | Ind AS Adj<br>April 2017 | Ind AS Adj<br>March 2018 | As Per<br>Ind AS  |
| For Taxation (net of advance tax)  | -                 | -                        | -                        | -                 |
|  | -                 | -                        | -                        | -                 |



Smartivlty labs Pvt Ltd  
CIN: U74140DL2015PTC277272  
Notes to financial statements for the year ended 31 March 2018

| 17 Revenue From Operations                   | (Amount in Rs.)                     |                                     |              | IGAAP                               |
|--|-------------------------------------|-------------------------------------|--------------|-------------------------------------|
|  | For the year ended<br>31 March 2018 | For the year ended<br>31 March 2017 | Ind AS Adj   | For the year ended<br>31 March 2017 |
| <b>Particulars</b>                           |                                     |                                     |              |                                     |
| <b>Sale of products (Domestic)</b>           |                                     |                                     |              |                                     |
| Finished goods                               | 111,553,599                         | 60,785,903                          | -            | 60,785,903                          |
| Less : Stock Transfer                        | 12,966,442                          | 21,426,555                          | -            | 21,426,555                          |
| <b>Net sales</b>                             | <b>98,587,157</b>                   | <b>39,359,348</b>                   | <b>-</b>     | <b>39,359,348</b>                   |
| <b>Sale of services</b>                      | <b>182,101</b>                      | <b>947,175</b>                      | <b>-</b>     | <b>947,175</b>                      |
| <b>Other Operating Revenues</b>              |                                     |                                     |              |                                     |
| Scrap sales                                  | -                                   | -                                   | -            | -                                   |
| Incentives                                   | -                                   | 40,055                              | -            | 40,055                              |
| <b>Total Other Operating Revenues</b>        |                                     | <b>40,055</b>                       | <b>-</b>     | <b>40,055</b>                       |
| <b>Total revenue from operations</b>         | <b>98,769,258</b>                   | <b>40,346,578</b>                   | <b>-</b>     | <b>40,346,578</b>                   |
| <b>18 Other Incomes</b>                      |                                     |                                     |              |                                     |
| Capital gain on investment (MF)              | 52,204                              | -                                   | -            | -                                   |
| Duty Drawback                                | 66,758                              | -                                   | -            | -                                   |
| Interest on investment                       | 2,399                               | -                                   | -            | -                                   |
| Interest on refund                           | 4,123                               | -                                   | -            | -                                   |
| Other income                                 | 60                                  | 742,134                             | -            | 742,134                             |
| Notional Interest income on security deposit | -                                   | 2,858                               | 2,858        | -                                   |
| <b>Total other income</b>                    | <b>125,543</b>                      | <b>744,992</b>                      | <b>2,858</b> | <b>742,134</b>                      |
| <b>Total</b>                                 | <b>98,894,801</b>                   | <b>41,091,570</b>                   | <b>2,858</b> | <b>41,088,712</b>                   |



Notes to financial statements for the year ended 31 March 2018

19 Purchase & Implementation Cost

| Particulars                    | For the year ended<br>31 March 2018 | For the year ended<br>31 March 2017 |
|--------------------------------|-------------------------------------|-------------------------------------|
| Traded books                   |                                     | -                                   |
| Traded Imported goods/services |                                     | -                                   |
|                                | -                                   | -                                   |

20 Cost of raw materials consumed

| Particulars                           | For the year ended<br>31 March 2018 | For the year ended<br>31 March 2017 |
|---------------------------------------|-------------------------------------|-------------------------------------|
| Inventory opening balance             | 5,440,352                           | 1,636,990                           |
| Add : Purchases                       | 69,896,292                          | 43,771,287                          |
| Add : Import                          | -                                   | 41,980                              |
|                                       | 75,336,644                          | 45,450,257                          |
| Less : Stock Transfer                 | 12,966,442                          | 21,426,555                          |
| Less : Inventory closing balance      | 6,151,005                           | 5,440,352                           |
| <b>Cost of raw materials consumed</b> | <b>56,219,198</b>                   | <b>18,583,350</b>                   |

21 Changes In Inventories of Finished Goods and Stock-In-Trade

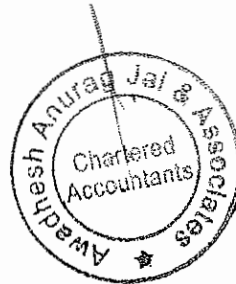
(Amount in Rs.)

| Particulars  | For the year ended<br>31 March 2018 | For the year ended<br>31 March 2017 |
|--|-------------------------------------|-------------------------------------|
| <b>Opening Stock</b>   |                                     |                                     |
| Finished goods   | 34,204                              | 990,046                             |
| Work in progress   |                                     | -                                   |
| <b>Closing Stock</b>   |                                     |                                     |
| Finished goods   | 586,878                             | 34,204                              |
| Work in progress   |                                     | -                                   |
| <b>Changes In Inventories of Finished Goods and Stock-In-Trade</b> | <b>(552,674)</b>                    | <b>955,842</b>                      |



Smartivity labs Pvt Ltd  
CIN: U74140DL2015PTC277272  
Notes to financial statements for the year ended 31 March 2018

| (Amount in Rs.)                                     |                                     |                                     |
|---|-------------------------------------|-------------------------------------|
| Particulars   | For the year ended<br>31 March 2018 | For the year ended<br>31 March 2017 |
| <b>22 Employee Benefits Expenses</b>                |                                     |                                     |
| Salaries, wages & bonus                             | 30,524,722                          | 16,046,522                          |
| Contribution to provident Fund and other funds      | 512,999                             | 320,384                             |
| Gratuity expense (refer note .....)                 | -                                   | -                                   |
| Staff welfare expenses                              | 667,176                             | 474,479                             |
| <b>Total employee benefits expenses</b>             | <b>31,704,897</b>                   | <b>16,841,385</b>                   |
| <b>23 Finance Cost</b>                              |                                     |                                     |
| (Amount in Rs.)                                     |                                     |                                     |
| Particulars   | For the year ended<br>31 March 2018 | For the year ended<br>31 March 2017 |
| Interest Expense                                    | 493,341                             | 313,905                             |
| Loan processing charges                             | 96,100                              | -                                   |
| Bank Charges  | 25,888                              | 17,423                              |
| <b>Total finance cost</b>                           | <b>615,329</b>                      | <b>331,328</b>                      |
| <b>24 Depreciation and Amortisation Expenses</b>    |                                     |                                     |
| (Amount in Rs.)                                     |                                     |                                     |
| Particulars   | For the year ended<br>31 March 2018 | For the year ended<br>31 March 2017 |
| Depreciation of property, plant & equipment         | 1,457,211                           | 590,419                             |
| Amortisation of intangible assets                   | 6,359,252                           | 3,768,804                           |
| <b>Total depreciation and amortisation expenses</b> | <b>7,816,463</b>                    | <b>4,359,223</b>                    |



Smartivity labs Pvt Ltd

CIN: U74140DL2015PTC277272

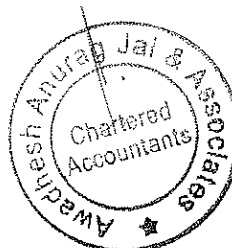
Notes to financial statements for the year ended 31 March 2018

## 25 Other Expenses

| Particulars  | (Amount in Rs.)                     |                                     |                  |   |
|--|-------------------------------------|-------------------------------------|------------------|---|
|  | For the year ended<br>31 March 2018 | For the year ended<br>31 March 2017 | Ind AS Adj       | (IGAAP) For the year ended<br>31 March 2017 |
| Bad debts, advances written off & additional Discount (net of Bad debts settled against opening provision) | 1,394,742                           | 1,371,911                           | -                | 1,371,911                                   |
| Telephone Expenses   | 16,492                              | 243,128                             | -                | 243,128                                     |
| Currency Fluctuation   | 1,010                               | -                                   | -                | -   |
| Custom Duty  | 498,029                             | -                                   | -                | -   |
| Die expenses   | 417,955                             | -                                   | -                | -   |
| Electricity & water Expenses   | 1,184,921                           | 396,553                             | -                | 396,553                                     |
| Factory Management Charges   | 1,000,000                           | 1,058,056                           | -                | 1,058,056                                   |
| Festival expenses  | 138,851                             | 121,681                             | -                | 121,681                                     |
| Freight Inward   | 5,437,278                           | 202,041                             | -                | 202,041                                     |
| Fuel charges   | 47,252                              | -                                   | -                | -   |
| Generator Exp  | 268,613                             | 85,250                              | -                | 85,250                                      |
| Insurance charges  | 29,259                              | 23,979                              | -                | 23,979                                      |
| Job Work Charges   | 2,361,525                           | 1,120,418                           | -                | 1,120,418                                   |
| Legal and professional charges   | 806,495                             | 533,112                             | -                | 533,112                                     |
| Miscellaneous expenses   | 414,827                             | 659,288                             | -                | 659,288                                     |
| Office expenses  | 1,625,313                           | 2,110,026                           | -                | 2,110,026                                   |
| Packing & Handling exp   | 62,413                              | 37,318                              | -                | 37,318                                      |
| Payment to auditor (Refer details below)   | 303,896                             | 290,206                             | -                | 290,206                                     |
| Postage and Courier exp  | 565,629                             | 270,811                             | -                | 270,811                                     |
| Printing & stationery  | 191,079                             | 149,091                             | -                | 149,091                                     |
| Rates and taxes  | 267,868                             | 42,773                              | -                | 42,773                                      |
| Rent   | 2,155,631                           | 1,853,664                           | -                | 1,853,664                                   |
| Repair & maintenance   | 902,981                             | 82,168                              | -                | 82,168                                      |
| Research and devlopment exp  | 1,411,805                           | 2,562,670                           | -                | 2,562,670                                   |
| Selling and Marketing exp  | 9,523,950                           | 3,760,109                           | -                | 3,760,109                                   |
| Software charges   | -                                   | 80,255                              | -                | 80,255                                      |
| Travelling and conveyance expenses   | 602,009                             | 209,317                             | -                | 209,317                                     |
| Notional Rent Expenses   | -                                   | 2,751                               | 2,751            | -   |
| Allowance on Expected Credit losses  | 46,627                              | 1,233,758                           | 1,233,758        | -   |
| <b>Total other expenses</b>  | <b>31,676,449</b>                   | <b>18,500,334</b>                   | <b>1,236,509</b> | <b>17,263,825</b>                           |

## Payment to auditor

| Particulars                        | For the year ended<br>31 March 2018 | For the year ended<br>31 March 2017 | Ind AS Adj | (IGAAP) For the year ended<br>31 March 2017 |
|------------------------------------|-------------------------------------|-------------------------------------|------------|---|
| As auditor                         |                                     |                                     |            |   |
| Audit fee & other assurance matter | 303,896                             | 290,206                             | -          | 290,206                                     |
|                                    | <b>303,896</b>                      | <b>290,206</b>                      | -          | <b>290,206</b>                              |



**26 Components of Other Comprehensive Income (OCI)**

The disaggregation of changes in other comprehensive income by each type of equity is shown below:

**During the year ended 31st March 2018**

| Particulars  | Retained earnings | Total |
|--|-------------------|-------|
| Re-measurment gains/(losses) on defined benefit plans                |                   | -     |
| Tax impact on re-measurement gains/(losses) on defined benefit plans |                   | -     |
|  | -                 | -     |
| <b>During the year ended 31st March 2017</b>                         |                   |       |
| Particulars  |                   | Total |
| Re-measurment gains/(losses) on defined benefit plans                | -                 | -     |
| Tax impact on re-measurement gains/(losses) on defined benefit plans | -                 | -     |
|  | -                 | -     |

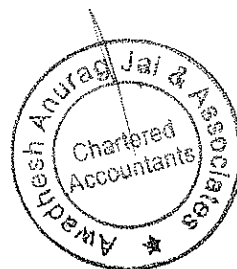
**27 Earnings per share**

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

number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all dilutive potential equity shares into equity shares. Due to entity is in loss dilutive potential equity shares seems antidilutive.

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

| Particulars   | For the year ended<br>31 March 2018 | For the year ended<br>31 March 2017 |
|---|-------------------------------------|-------------------------------------|
| Profit attributable to equity holders of the company                                    | (22,597,129)                        | (12,769,573)                        |
| Weighted average number of equity shares used for computing Earning per Share (Diluted) | 10,079                              | 10,072                              |
| Weighted average number of equity shares used for computing Earning per Share (Diluted) | 21,519                              | 20,144                              |
| Basic EPS   | (2,242.00)                          | (1,267.83)                          |
| Diluted DPS   | (1,050.08)                          | (633.91)                            |
| Face Value Per Share  | 10                                  | 10                                  |







29. Disclosure pursuant to Indian Accounting Standard 19 'Employee benefits'

(a) The Company has recognized the following amounts towards defined contribution plans as an expense and included in the Statement of Profit and Loss.

| Particulars                          | Year ended March, 2018 | Year ended March, 2017 |
|--------------------------------------|------------------------|------------------------|
| Provident Fund                       | 408,258                | 229,043                |
| Employee State Insurance Corporation | 117,341                | 65,553                 |
| Labour Welfare Fund                  |                        |                        |
|                                      | 525,599                | 294,596                |

(b) Defined benefit plan and long term employment benefits: Gratuity (Defined benefit plan)

In respect of Gratuity, the Company makes annual contribution to the employee group gratuity scheme of the Life Insurance Corporation of India, funded defined benefits plan for salaried employees. The scheme provided for lump sum payments to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

The Company has provided for gratuity based on the actuarial valuation done as per Project Unit Credit Method. The following table sets out for the status of gratuity plan:

**Change in Defined Benefit Obligation**

| Particulars   | March 31, 2018 | March 31, 2017 | April 1, 2016 |
|---|----------------|----------------|---------------|
| Opening Defined Benefit Obligation                  |                |                |               |
| Service Cost  |                |                |               |
| Actuarial (Gain)/ Loss on Obligation                |                |                |               |
| Interest Cost                                       |                |                |               |
| Less: Benefits paid                                 |                |                |               |
| Closing Present Value of Defined Benefit Obligation |                |                |               |

**Expenses recognized in the Statement of Profit & Loss**

| Particulars                                   | March 31, 2018 | March 31, 2017 | April 1, 2016 |
|---|----------------|----------------|---------------|
| Current Service Cost                          |                |                |               |
| Interest Cost                                 |                |                |               |
| Expected Return on Plan Assets                |                |                |               |
| Net Actual (Gain) / Loss recognized           |                |                |               |
| Expenses recognized in the Statement of P & L |                |                |               |

**Expenses recognized in the other comprehensive income**

| Particulars   | March 31, 2018 | March 31, 2017 | April 1, 2016 |
|---|----------------|----------------|---------------|
| Net Actual (Gain) / Loss recognized                   |                |                |               |
| Return on the plan asset                              |                |                |               |
| Expenses recognized in the other comprehensive income |                |                |               |

**Movement in the Liability recognized in Balance Sheet**

| Particulars                      | March 31, 2018 | March 31, 2017 | April 1, 2016 |
|----------------------------------|----------------|----------------|---------------|
| Opening Net Liability            |                |                |               |
| Expenses as above                |                |                |               |
| Contribution paid                |                |                |               |
| Other comprehensive income (OCI) |                |                |               |
| Closing Net Liability            |                |                |               |

**Experience adjustments**

| Particulars                             | March 31, 2018 | March 31, 2017 | April 1, 2016 |
|---|----------------|----------------|---------------|
| Experience adjustment on plan liability |                |                |               |
| Experience adjustment on plan asset     |                |                |               |
| Net experience adjustment               |                |                |               |

**Assumptions**

| Particulars                    | March 31, 2018 | March 31, 2017          | April 1, 2016           |
|--------------------------------|----------------|-------------------------|-------------------------|
| Expected return on plan assets |                |                         |                         |
| Salary escalation rate         |                |                         |                         |
| Discounting rate               |                |                         |                         |
| Employee attrition rate        |                |                         |                         |
| Mortality rate                 |                | IAIM (2006-08) Ultimate | IAIM (2006-08) Ultimate |
| Composition of plan assets     |                |                         |                         |

**Sensitivity analysis:**

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

| Particulars  | Year ended March, 2018 | Year ended March, 2017 |
|--|------------------------|------------------------|
| Change in rate of discounting (delta effect of +/- 0.5%)       |                        |                        |
| Change in rate of salary increase (delta effect of +/- 0.5%)   |                        |                        |
| Change in rate of employee turnover (delta effect of +/- 0.5%) |                        |                        |

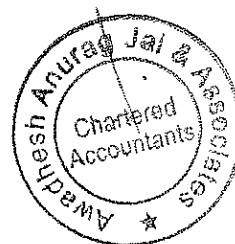
These plans typically expose the Group to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

**Investment risk** - The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

**Interest risk** - A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.

**Longevity risk** - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk** - The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.



**Smartivity labs Pvt Ltd**  
CIN: U74140DL2015PTC277272  
**Notes to financial statements for the year ended 31 March 2018**

| <b>30 Other commitments</b>  |                           |  |                           |
|--|---------------------------|--|---------------------------|
| Particulars  | 31 March 2018<br>(Rupees) |  | 31 March 2017<br>(Rupees) |
| Estimated amount of contracts remaining to be executed and not provided for (net of advances): |                           |  |                           |
| Other Commitments  |                           |  |                           |
|  |                           |  |                           |

| <b>31 Unhedged foreign currency exposure</b> |                           |  |                           |
|--|---------------------------|--|---------------------------|
| Particulars                                  | 31 March 2018<br>(Rupees) |  | 31 March 2017<br>(Rupees) |
| Trade receivables                            |                           |  |                           |
| Trade payable                                |                           |  |                           |

| <b>Value of imports calculated on CIF basis</b> |                           |  |                           |
|---|---------------------------|--|---------------------------|
| Particulars                                     | 31 March 2018<br>(Rupees) |  | 31 March 2017<br>(Rupees) |
| Purchase of traded goods                        |                           |  |                           |
|   |                           |  |                           |

| <b>32 Imported and indigenous raw materials and components consumed</b> |                           |                   |  |                           |                   |  |
|---|---------------------------|-------------------|--|---------------------------|-------------------|--|
|   | 31 March 2018             |                   |  | 31 March 2017             |                   |  |
|   | % of total<br>consumption | Value (Rupees)    |  | % of total<br>consumption | Value (Rupees)    |  |
| Raw Materials   |                           |                   |  |                           |                   |  |
| Indigenously obtained   | 99.0                      | 69,410,597        |  | 99.9                      | 43,771,287        |  |
|   | <u>99</u>                 | <u>69,410,597</u> |  | <u>100</u>                | <u>43,771,287</u> |  |

**33 Details of dues to micro, small and medium enterprises as defined under the MSMED Act, 2006**  
The Amount due to Micro and small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises as at 31st December 2016 are as under:

| Description  | 31 March 2018<br>(Rupees) |  | 31 March 2017<br>(Rupees) |
|--|---------------------------|--|---------------------------|
| (i) Principal amount remaining unpaid as on 31st December 2016                       | -                         |  | -                         |
| (ii) Interest due thereon as on 31st December 2016                                   | -                         |  | -                         |
| (iii) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium | -                         |  | -                         |
| (iv) Interest due and payable for the period of delay in making payment (which have  | -                         |  | -                         |
| (v) Interest accrued and remaining unpaid as at 31st December 2016                   | -                         |  | -                         |
| (vi) Further Interest remaining due and payable even in the succeeding years, until  | -                         |  | -                         |

**34 Operating Lease**  
The Company has not taken premises for office use under cancellable operating lease agreements. The total lease rentals recognized as an expense during the year under the above lease agreements aggregates to Rs. /- (31 March 2017: Rs. 0). There are no restrictions imposed by the lease agreements. There are no sub leases.

| <b>35 Expenditure in foreign currency (accrual basis)</b> |                           |  |                           |
|---|---------------------------|--|---------------------------|
| Particulars   | 31 March 2018<br>(Rupees) |  | 31 March 2017<br>(Rupees) |
| Travelling expense  | 635,490                   |  | 269,810                   |
| Advertisement, publicity and exhibition                   | -                         |  | -                         |
| Import of goods/services                                  | 485,695                   |  | 41,980                    |
| Royalty   | -                         |  | -                         |
|   | <u>1,121,185</u>          |  | <u>5,668,169</u>          |

| <b>36 Earnings in foreign currency</b> |                           |  |                           |
|--|---------------------------|--|---------------------------|
| Particulars                            | 31 March 2018<br>(Rupees) |  | 31 March 2017<br>(Rupees) |
| Exports of F.O.B. value                | 5,736,412                 |  | 1,143,039                 |
| <b>Total</b>                           | <u>5,736,412</u>          |  | <u>1,143,039</u>          |

**37 Financial Instruments - Accounting classifications and fair value measurements**

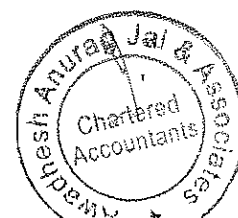
The fair value of the assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

A Fair Value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, and other financial instruments approximate their carrying amounts largely due to the short term maturities of these instruments.

B Financial instruments with fixed and variable interest rates are evaluated by the company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to the account for the expected losses of these instruments.

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

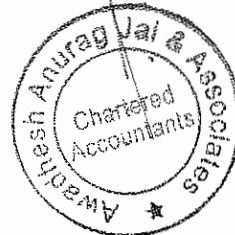


Level - I Quoted (unadjusted) prices in active markets for identical assets or liabilities  
 Level -II Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly  
 Level -III techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

| Particulars                                    | Carrying amount<br>As at 1st April,<br>2016 | Fair Value<br>Level III         |
|--|---|---------------------------------|
| <b>Financial assets at amortised cost</b>      |   |                                 |
| Trade receivables                              | 3,307,312                                   | 3,307,312                       |
| Cash and Bank balances                         | 168,797                                     | -                               |
| Loans  | 23,814                                      | -                               |
| <b>Total</b>                                   | <b>3,499,923</b>                            | <b>3,307,312</b>                |
| <b>Financial liabilities at amortised cost</b> |   |                                 |
| Borrowings                                     | 10,317,891                                  | -                               |
| Trade payables                                 | 819,675                                     | -                               |
| Other financial liabilities                    | 2,102,516                                   | -                               |
| <b>Total</b>                                   | <b>13,240,082</b>                           | -                               |
|  | <b>Carrying amount<br/>As at 31st 2017</b>  | <b>Fair Value<br/>Level III</b> |
| <b>Financial assets at amortised cost</b>      |   |                                 |
| Trade receivables                              | 22,478,551                                  | 22,478,551                      |
| Cash and Bank balances                         | 823,556                                     | -                               |
| Loans  | 26,667                                      | -                               |
| <b>Total</b>                                   | <b>23,328,774</b>                           | <b>22,478,551</b>               |
| <b>Financial liabilities at amortised cost</b> |   |                                 |
| Borrowings                                     | 6,484,796                                   | -                               |
| Trade payables                                 | 8,963,721                                   | -                               |
| Other financial liabilities                    | 4,220,976                                   | -                               |
| <b>Total</b>                                   | <b>19,669,493</b>                           | -                               |
|  | <b>Carrying amount<br/>As at 31st 2018</b>  | <b>Fair Value<br/>Level III</b> |
| <b>Financial assets at amortised cost</b>      |   |                                 |
| Trade receivables                              | 50,893,456.42                               |                                 |
| Cash and Bank balances                         | 1,319,440.32                                |                                 |
| Loans  | 140,000.00                                  |                                 |
| Security Deposit with others                   |   |                                 |
| <b>Total</b>                                   | <b>52,352,897</b>                           |                                 |
| <b>Financial liabilities at amortised cost</b> |   |                                 |
| Borrowings                                     | 27,523,640.76                               |                                 |
| Trade payables                                 | 32,601,596.47                               |                                 |
| Other financial liabilities                    | 6,219,818.00                                |                                 |
| <b>Total</b>                                   | <b>66,345,055</b>                           |                                 |

**38 Previous Figures**

Previous year figures have been regrouped/ reclassified, where necessary, to confirm to this year's classification.



**Smartivity labs Pvt Ltd**  
**CIN: U74140DL2015PTC277272**  
**Notes to financial statements for the year ended 31 March 2018**

**39 Standards issued but not yet effective**

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

**Ind AS 115, Revenue from Contract with Customers**

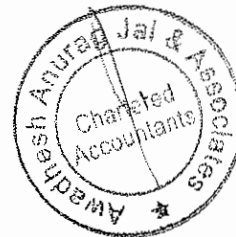
Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction contracts. The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The core principle of Ind AS 115 is that entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under Ind AS 115, an entity recognize 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.
- Retrospective with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The company is currently evaluating the impact that the adoption of this new standard will have on its financial statements

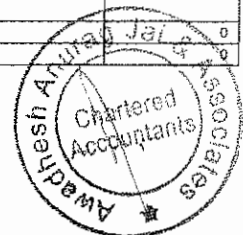


| Footnotes      | Particulars  | Impact |
|----------------|--|--------|
| <b>1</b>       | <b>Property, Plant &amp; equipments</b>  | Nil    |
| <b>Remarks</b> | As per Para D7AA of IND AS 101, "Where there is no change in its functional currency on the date of transition to Ind ASs, a first-time adopter to Ind ASs may elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This option can also be availed for intangible assets covered by Ind AS 38, Intangible Assets."   |        |
| <b>1A</b>      | <b>Capitalization of Intangible assets</b>   |        |
|                | <p>As per Para 21 of IND AS 38 Intangible assets - An intangible asset shall be recognised if, and only if: (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and (b) the cost of the asset can be measured reliably.</p> <p>As per Para 24 of IND AS 38 Intangible assets - An intangible asset shall be measured initially at cost.</p> <p>As per Para 57 of IND AS 38 Intangible assets - An intangible asset arising from development (or from the development phase of an internal project) shall be recognized if, and only if, an entity can demonstrate all of the following: (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale. (b) its intention to complete the intangible asset and use or sell it. (c) its ability to use or sell the intangible asset. (d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset. (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset. (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.</p> <p>As per Para 65 of IND AS 38 Intangible assets - The cost of an internally generated intangible asset for the purpose of paragraph 24 is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria in paragraphs 21, 22 and 57. Paragraph 71 prohibits reinstatement of expenditure previously recognized as an expense.</p> <p>As per Para 66 of IND AS 38 Intangible assets - The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Examples of directly attributable costs are: (a) costs of materials and services used or consumed in generating the intangible asset; (b) costs of employee benefits (as defined in Ind AS 19) arising from the generation of the intangible asset; (c) fees to register a legal right; and (d) amortization of patents and licenses that are used to generate the intangible asset.</p> <p>Referring Ind AS 38 on intangible assets is in the same line with IGAAP 26 hence no difference is observed in the same.</p> |        |

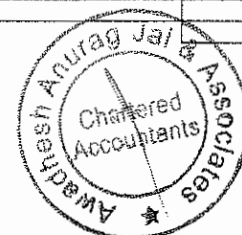
|                |   |                 |
|----------------|---|-----------------|
| <b>2</b>       | Present valuation of Interest free security deposits made by the company for a definite contract period as per IND AS 109. The security deposit is reduced by the interest amount and the same is recognised as prepaid rent which is amortised over the period of deposits   |                 |
|                | - 31st March, 2017  | 0               |
|                | - 31st March, 2016  | (26,667)        |
|                |   | <b>(26,667)</b> |
| <b>Remarks</b> | <p>As per para 11 of IND AS 32, A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.</p> <p>A financial asset is any asset that is:</p> <ul style="list-style-type: none"> <li>• cash;</li> <li>• an equity instrument of another entity;</li> <li>• a contractual right: <ul style="list-style-type: none"> <li>(I) to receive cash or another financial asset from another entity; or</li> <li>(II) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or</li> </ul> </li> <li>• a contract that will or may be settled in the entity's own equity instruments.</li> </ul> <p>As para 5.1.1 of IND AS 109, Except for trade receivables within the scope of paragraph 5.1.3, at initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.</p> <p>The difference between the fair value of the deposits and the transaction price on initial recognition of the deposit needs to be accounted for separately. The accounting treatment for these will depend upon the nature of the element included in the deposits. Had the entity not placed the deposits with the lesser, the monthly rentals would have been higher. This indicates that the nature of the interest-free element in these deposits represents a prepaid expense. Hence, this difference will be recognized as 'prepaid expenses', which will be amortized to the statement of profit and loss (Retained earnings in the case of date of transition) over the life of the deposit on a straight line basis.</p> |                 |

|                |   |                |
|----------------|---|----------------|
| <b>3</b>       | <b>Deferred tax assets (net)</b>  |                |
|                | - 31st March, 2017  | 381,231        |
|                | - 31st March, 2016  | -              |
|                |   | <b>381,231</b> |
|                | <p>Deferred tax is calculated under Ind AS 12 using a balance sheet approach and identifies differences between the carrying value of all balances in the balance sheet and their underlying tax base.</p> <p>Current tax liabilities (assets) for the current and prior periods shall be measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.</p> |                |
| <b>Remarks</b> |   |                |

|          |   |   |
|----------|---|---|
| <b>4</b> | Present valuation of Interest free security deposits made by the company for a definite contract period as per IND AS 109. The security deposit is reduced by the interest amount and the same is recognised as prepaid rent which is amortised over the period of deposits |   |
|          | - 31st March, 2017  | 0 |
|          | - 31st March, 2016  | - |



|                |   |               |
|----------------|---|---------------|
|                |   | 0             |
| <b>Remarks</b> | Under the previous GAAP, interest free lease security deposits (that are refundable in cash on the completion of the lease term) are recorded at their transaction value.<br><br>Under IND AS, all the financial assets are required to be recognised at their fair value. As per para 5.1.1 of IND AS 109, fair value of the security deposits has been defined. Difference between the fair value & transaction value of the security deposits has been recognised as prepaid rent.   |               |
| <b>5</b>       | Inventory   | NIL           |
| <b>Remarks</b> | As per Para 9 of IND AS 2, "Inventories shall be measured at the lower of cost and net realizable value and previous GAAP, inventories also measured at the lower of cost and net realizable value.   |               |
| <b>6</b>       | Adjustment of Expected Credit Losses through Retained Earning   | 0             |
|                | Adjustment of Expected Credit Losses through Profit & Loss Account  | 1,233,758     |
|                | Total   | 1,233,758     |
| <b>Remarks</b> | As per Para 2.2 of IND AS 109, the impairment requirements of this Standard shall be applied to those rights that Ind AS 115 specifies to be accounted for in accordance with this Standard for the purposes of recognising impairment gains or losses.<br><br>As per Para 5.1.1 of IND AS 109, Except for trade receivables within the scope of paragraph 5.1.3, at initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.<br><br>As per Para 5.5.3 of IND AS 109, Subject to paragraphs 5.5.13-5.5.16, at each reporting date, an entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.   |               |
| <b>7</b>       | Cash & cash equivalents   | NIL           |
| <b>Remarks</b> | As per Para 6 of IND AS 7, Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.<br><br>As per Para 29a of IND AS 107, "Disclosures of fair value are not required when the carrying amount is a reasonable approximation of fair value."   |               |
| <b>8</b>       | Present valuation of interest free security deposits made by the company for a definite contract period as per IND AS 109. The security deposit is reduced by the interest amount and the same is recognised as prepaid rent which is amortised over the period of deposits   |               |
|                | - 31st March, 2017  | 2,853         |
|                | - 31st March, 2016  | 23,814        |
|                |   | <b>26,667</b> |
| <b>Remarks</b> | As per para 11 of IND AS 32, A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.<br><br>A financial asset is any asset that is:<br>• cash;<br>• an equity instrument of another entity;<br>• a contractual right:<br>(i) to receive cash or another financial asset from another entity; or<br>(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or<br>• a contract that will or may be settled in the entity's own equity instruments.<br><br>As per 5.1.1 of IND AS 109, Except for trade receivables within the scope of paragraph 5.1.3, at initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.   |               |
| <b>9</b>       | Present valuation of interest free security deposits made by the company for a definite contract period as per IND AS 109. The security deposit is reduced by the interest amount and the same is recognised as prepaid rent which is amortised over the period of deposits   |               |
|                | - 31st March, 2017  | (2,746)       |
|                | - 31st March, 2016  | 2,746         |
|                |   | -             |
| <b>Remarks</b> | <b>For Prepaid Expenses related to security deposit:-</b> As per para 11 of IND AS 32, A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.<br><br>A financial asset is any asset that is:<br>• cash;<br>• an equity instrument of another entity;<br>• a contractual right:<br>(i) to receive cash or another financial asset from another entity; or<br>(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or<br>• a contract that will or may be settled in the entity's own equity instruments.<br><br>As per 5.1.1 of IND AS 109, Except for trade receivables within the scope of paragraph 5.1.3, at initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. |               |
|                | <b>For Advance to Supplier, Advance to employee, Deposit with high court Income Tax, Balance with statutory/government authorities and other advances:-</b> It is non financial assets and there is no specific IND AS on the above items. So, carrying amount as per previous GAAP is deemed to be carrying amount as per IND AS.  |               |
| <b>10</b>      | 31st March, 2016  |               |
|                | - Security deposit discounting under Ind AS   | (107)         |
|                | - Adjustment on account of Deferred tax asset/liability recognized on Ind AS adjustments  |               |



|  |  |                    |
|--|--|--------------------|
|  | - Impairment of trade receivable                     |                    |
|  | 31st March, 2017                                     |                    |
|  | - Ind AS Adjustments from statement of profit & loss | (1,614,883)        |
|  | - Ind as adjustment reversed during the year         |                    |
|  | - Other comprehensive income                         |                    |
|  | <b>Total</b>   | <b>(1,614,990)</b> |

|                |  |  |
|----------------|--|--|
| <b>Remarks</b> | Under the previous GAAP, interest free lease security deposits (that are refundable in cash on the completion of the lease term) are recorded at their transaction value.<br><br>Under IND AS, all the financial assets are required to be recognised at their fair value. As per para 5.1.1 of IND AS 109, fair value of the security deposits has been defined. Difference between the fair value & transaction value of the security deposits has been recognised as prepaid rent.  |  |
|                | Employees of a subsidiary are granted rights to equity instruments of its parent as consideration for the services provided to the subsidiary.<br><br>As per appendix B52 of IND AS 102, the following share-based payment arrangements:<br>a. a parent grants rights to its equity instruments directly to the employees of its subsidiary: the parent (not the subsidiary) has the obligation to provide the employees of the subsidiary with the equity instruments; and<br>b. a subsidiary grants rights to equity instruments of its parent to its employees: the subsidiary has the obligation to provide its employees with the equity instruments. A parent grants rights to its equity instruments to the employees of its subsidiary (paragraph B52(a))<br><br>As per appendix B53 of IND AS 102, the subsidiary does not have an obligation to provide its parent's equity instruments to the subsidiary's employees. Therefore, in accordance with paragraph 43B, the subsidiary shall measure the services received from its employees in accordance with the requirements applicable to equity-settled share-based payment transactions, and recognise a corresponding increase in equity as a contribution from the parent.<br><br>As per appendix B54 of IND AS 102, the parent has an obligation to settle the transaction with the subsidiary's employees by providing the parent's own equity instruments. Therefore, in accordance with paragraph 43C, the parent shall measure its obligation in accordance with the requirements applicable to equity-settled share-based payment transactions. A subsidiary grants rights to equity instruments of its parent to its employees (paragraph B52(b)) |  |
|                | As per para 5.5.15 of IND AS 109, despite paragraphs 5.5.3 and 5.5.5, an entity shall always measure the loss allowance at an amount equal to lifetime expected credit losses for: (a) trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.<br><br>As per para 5.5.17 of IND AS 109, an entity shall measure expected credit losses of a financial instrument in a way that reflects: (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (b) the time value of money; and (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events   |  |

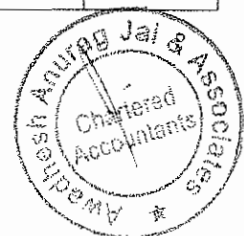
|                |  |     |
|----------------|--|-----|
| <b>11</b>      | Borrowings   | NIL |
| <b>Remarks</b> | As per Para 5.1.1 of IND AS 109, "An entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability."<br><br>As per Para 29(1) of IND AS 107, Disclosures of fair value are not required: (a) when the carrying amount is a reasonable approximation of fair value, for example, for financial instruments such as short-term trade receivables and payables. |     |

|                |   |     |
|----------------|---|-----|
| <b>12</b>      | Provisions  | NIL |
| <b>Remarks</b> | As per Para 66 of IND AS 19, the ultimate cost of a defined benefit plan may be influenced by many variables, such as final salaries, employee turnover and mortality, employee contributions and medical cost trends. The ultimate cost of the plan is uncertain and this uncertainty is likely to persist over a long period of time. In order to measure the present value of the post-employment benefit obligations and the related current service cost, it is necessary:<br>(a) to apply an actuarial valuation method (see paragraphs 67-69);<br>(b) to attribute benefit to periods of service (see paragraphs 70-74); and<br>(c) to make actuarial assumptions (see paragraphs 75-98).<br><br>As per Para 66 of IND AS 19, we are applying the actuarial valuation method to book the present value of the post-employment benefit plans. |     |

|                |  |     |
|----------------|--|-----|
| <b>13</b>      |  | NIL |
| <b>Remarks</b> | As per Para 5.1.1 of IND AS 109, "An entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability."<br><br>As per Para 29(1) of IND AS 107, Disclosures of fair value are not required: (a) when the carrying amount is a reasonable approximation of fair value, for example, for financial instruments such as short-term trade receivables and payables. |     |

|                |   |     |
|----------------|---|-----|
| <b>14</b>      |   | NIL |
| <b>Remarks</b> | It is non financial liability and there is no specific IND AS on the above items. So, carrying amount as per previous GAAP is deemed to be carrying amount as per IND AS. |     |

|                |   |     |
|----------------|---|-----|
| <b>15</b>      |   | NIL |
| <b>Remarks</b> | As per Para 66 of IND AS 19, the ultimate cost of a defined benefit plan may be influenced by many variables, such as final salaries, employee turnover and mortality, employee contributions and medical cost trends. The ultimate cost of the plan is uncertain and this uncertainty is likely to persist over a long period of time. In order to measure the present value of the post-employment benefit obligations and the related current service cost, it is necessary:<br>(a) to apply an actuarial valuation method (see paragraphs 67-69);<br>(b) to attribute benefit to periods of service (see paragraphs 70-74); and<br>(c) to make actuarial assumptions (see paragraphs 75-98).<br><br>As per Para 66 of IND AS 19, we are applying the actuarial valuation method to book the present value of the post-employment benefit plans. |     |



|                |   |           |
|----------------|---|-----------|
| <b>16</b>      | Notional Interest Income on security through P&L Account  | 2,858     |
| <b>Remarks</b> | As per Para 5.1.1 of IND AS 109, "An entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability."  |           |
| <b>17</b>      | Notional Rent Expenses on security through P&L Account  | 4,557     |
|                | Allowance on Expected Credit Losses   | 1,233,758 |
|                | Total   | 1,238,315 |
| <b>Remarks</b> | As per Para 5.1.1 of IND AS 109, "An entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability."  |           |
|                | As per Para 2.2 of IND AS 109, the impairment requirements of this Standard shall be applied to those rights that Ind AS 115 specifies to be accounted for in accordance with this Standard for the purposes of recognising impairment gains or losses.   |           |
|                | As per Para 5.1.1 of IND AS 109, Except for trade receivables within the scope of paragraph 5.1.3, at initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.  |           |
|                | As per Para 5.5.3 of IND AS 109, Subject to paragraphs 5.5.13–5.5.16, at each reporting date, an entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.  |           |
|                | Remeasurements of the net defined benefit liability (asset):<br>As per Para 120 of IND AS 19 - An entity shall recognize the components of defined benefit cost, except to the extent that another Ind AS requires or permits their inclusion in the cost of an asset, as follows: (a) service cost in profit or loss;<br>(b) Net interest on the net defined benefit liability (asset) in profit or loss; and<br>(c) Re-measurements of the net defined benefit liability (asset) in other comprehensive income. |           |

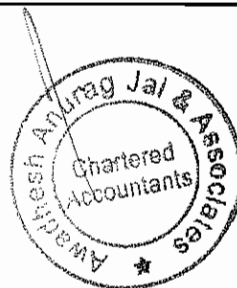






**Computation of Income Tax**

| S.No | Particular  | Amount              |
|------|---|---------------------|
| 1    | <b>Net Profit/ loss as per profit and loss account</b>                | (28,584,855)        |
|      | Add :- Depreciation as per companies act                              | 7,816,463           |
|      | Less :- Depreciation as per income tax act                            | 5,991,590           |
|      | Add :- Interest and penalties Disallowed                              | 80,137              |
|      | Add :- Disallowance of Expenditure of 30% in case of TDS not deducted | 129,210             |
|      | Add :- Notional Loss  | 46,627              |
|      | Add :- Cash payment exceeding Rs. 20,000/-                            | -                   |
|      | Add :- Cash payment exceeding Rs. Penalty Paid/-                      | -                   |
|      | Less:- Short Term Capital Gain  | 52,204              |
|      | <b>Income U/h PGBP(A)</b>   | <b>(26,812,185)</b> |
| 2    | <b>Short Term Capital Gain(B)</b>                                     | <b>52,204</b>       |
|      | <b>GROSS TAXABLE INCOME(A+B)</b>                                      | <b>(26,759,982)</b> |
|      | Less :- Deduction under Section 80C (Tution fees, investment etc)     | -                   |
|      | Less :- Deduction under Section 80 D (Medical insurance)              | -                   |
|      | Less :- Deduction under section 80 TTA ( Interest on saving bank)     | -                   |
|      | <b>Net Taxable Income</b>   | <b>(26,759,982)</b> |
|      | Tax Payable on Profit chargeable to tax                               | -                   |
|      | Less :- Advance tax paid  | -                   |
|      | Less :- TDS Receivable  | 429,025             |
|      | <b>Income Tax Payable</b>   | <b>(429,025)</b>    |



Smartivity labs Pvt Ltd

CIN: U74140DL2015PTC277272

Deferred Tax Calculation as per Ind AS 12 as at 31.03.2018

Applicable Rate 25.750%

| Description of Asset/Liability   | Book base  | Tax base   | Temporary Difference | Deferred tax asset / (liability) as per Ind AS | Deferred tax asset / (liability) as per Indian GAAP | Deferred tax asset / (liability) to be further booked under Ind AS | Description |
|--|------------|------------|----------------------|--|---|--|-------------|
| <b>Assets</b>  |            |            |                      |  |   |  |             |
| Property, Plant and Equipment and Intangible Assets                          | 23,745,971 | 25,333,704 | 1,587,734            | 408,841  | -   | 408,841  |             |
| Intangible assets under Development  | -          | -          | -                    | -  | -   | -  |             |
| Non Current Assets-Financial assets- Loans (Discounting of security deposit) | -          | -          | -                    | -  | -   | -  |             |
| Other non-current assets (Prepaid portion of security deposit)               | -          | -          | -                    | -  | -   | -  |             |
| Inventories  | 6,737,880  | 6,737,880  | -                    | -  | -   | -  |             |
| Financial assets- Loans (current)  | 140,000    | 140,000    | -                    | -  | -   | -  |             |
| Trade Receivables  | 50,893,456 | 52,173,841 | 1,280,385            | 329,699  | -   | 329,699  |             |
| Cash and cash equivalents  | 1,319,440  | 1,319,440  | -                    | -  | -   | -  |             |
| Other current assets   | 1,297,582  | 1,297,582  | -                    | -  | -   | -  |             |
| <b>Liabilities</b>   |            |            |                      |  |   |  |             |
| Borrowings (Non Current)   | -          | -          | -                    | -  | -   | -  |             |
| Provisions (Non Current)*  | -          | -          | -                    | -  | -   | -  |             |
| Borrowings (Current)   | 27,523,641 | 27,523,641 | -                    | -  | -   | -  |             |
| Trade payables (Current)   | 32,601,596 | 32,601,596 | -                    | -  | -   | -  |             |
| Other financial liabilities*   | 6,219,818  | 6,219,818  | -                    | -  | -   | -  |             |
| Other current liabilities  | 1,011,030  | 1,011,030  | -                    | -  | -   | -  |             |
| Provisions (Current)   | -          | -          | -                    | -  | -   | -  |             |
| Losses   | -          | -          | 52,654,257           | 13,558,471                                     | -   | 13,558,471   |             |
|  |            |            |                      | <b>14,297,012</b>                              |   |  |             |
|  |            |            |                      | 14,297,012                                     |   |  |             |
|  |            |            |                      | 8,309,286                                      |   |  |             |
|  |            |            |                      | <b>5,987,725</b>                               |   |  |             |
|  |            |            |                      | -  |   |  |             |
|  |            |            |                      | -  |   |  |             |
|  |            |            |                      | <b>5,987,725</b>                               |   |  |             |

Deferred tax asset / (liability) as per Ind AS as on 31.03.2018

Deferred tax asset / (liability) as per Ind AS as on 31.03.2017

Deferred tax (expense)/income to be booked as per Ind AS

(gain)/ loss on defined benefit plans

DTA on (gain)/ loss on defined benefit plans

Net DTA except DTA on (gain)/ loss on defined benefit plans

