

Independent Auditor's report

To the Members of I.M.S.I Staffing Private Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the standalone financial statements of I.M.S.I Staffing Private Limited ("the Company"), which comprise the Standalone Balance sheet as at March 31, 2020, the Standalone statement of Profit and Loss (including Other Comprehensive Income), Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner 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, 2020 and profit, equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

Attention is drawn to Note no 38

- a) The company has incorporated the assets and liabilities of the staffing division of demerged company on 31.07.2019 instead of the appointed date of 01.04.2018 as per the NCLT order. Further, transactions of the company for the financial year ended March 31, 2019 has not been restated by incorporating Assets/ Liabilities and Income / Expenditure of Staffing Division of the Demerged Company. Giving effect of the NCLT order from 31.07.2019 in the books of account instead of the appointed date i.e 01.04.2018 is neither in accordance with the NCLT order nor in accordance with the applicable Accounting Standards;
- b) As per the approved scheme, In consideration of the demerger including transfer and vesting of staffing division of the demerged company to the company, 5317 equity shares of the company of face value of INR 10 should have been issued to the members of the demerged company for every 100 equity shares of INR 100 each held by them in the demerged company. Accordingly, 1,95,93,704 equity shares were to be issued to the members of the demerged company as consideration for demerger. However, the company has issued only 53,18,000 equity shares to the members of the De-merged company. Further out of the shares issued 49,95,697 equity



shares have been transferred to TeamLease Services Limited vide Shareholders agreement dated November 12, 2019. In accordance with shareholders agreement such transfer represents 93.94 % of equity shares of the company calculated on the basis of total issued capital considered as 53,18,000 equity shares instead of 1,95,93,704 equity shares.

The quantum of adjustments that might have been found necessary on account of (a) and (b) in respect of various elements making up the Financial Statements is not readily ascertainable and accordingly, forms a basis for Qualified opinion.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in Board's Report including Annexure to Board's Report, but does not include the standalone Financial Statements and our auditor's report thereon. Our opinion on the standalone Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the standalone Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the report containing other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors is also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

- a) We have sought all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit except for the matters as described in the Basis for Qualified Opinion paragraph.
- b) Except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books.
- c) Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts subject to matters as mentioned in Basis for Qualified Opinion paragraph.
- d) In our opinion except for the matters described in the Basis for Qualified Opinion para, the aforesaid financial statements comply with the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015.
- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".



- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. There were no pending litigations which would impact the financial position of the Company;
 - ii. The Company did not have any long-term contracts including derivative contracts as on March 31, 2020;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Other Matter

The Standalone financial statements of the Company for the year ended March 31, 2019, were audited by K.W.Jain & Co who expressed an unmodified opinion on those standalone financial statements as on September 02, 2019

For Manian & Rao
Chartered Accountants
Firm Registration No. 009183S

Paresh Daga
Partner
Membership No. 211468



Place: Bangalore
Date: June 06, 2020
UDIN: 20211468AAAAAM1550

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph (g) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (I) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the Internal Financial Controls over financial reporting of I.M.S.I Staffing Private Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing (“SAs”), to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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



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

Meaning of Internal Financial Controls with reference Financial Reporting

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

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2020:

- a) The company has incorporated the assets and liabilities of the staffing division of demerged company on 31.07.2019 instead of the appointed date of 01.04.2018 as per the NCLT order. Further, transactions of the company for the financial year ended March 31, 2019 has not been restated by incorporating Assets/ Liabilities and Income / Expenditure of Staffing Division of the Demerged Company. Giving effect of the NCLT order from 31.07.2019 in the books of account instead of the appointed date i.e 01.04.2018 is neither in accordance with the NCLT order nor in accordance with the applicable Accounting Standards;
- b) As per the approved scheme, In consideration of the demerger including transfer and vesting of staffing division of the demerged company to the company, 5317 equity shares of the company of face value of INR 10 should have been issued to the members of the demerged company for



every 100 equity shares of INR 100 each held by them in the demerged company. Accordingly, 1,95,93,704 equity shares were to be issued to the members of the demerged company as consideration for demerger. However, the company has issued only 53,18,000 equity shares to the members of the De-merged company. Further out of the shares issued 49,95,697 equity shares have been transferred to TeamLease Services Limited vide Shareholders agreement dated November 12, 2019. In accordance with shareholders agreement such transfer represents 93.94 % of equity shares of the company calculated on the basis of total issued capital considered as 53,18,000 equity shares instead of 1,95,93,704 equity shares.

The quantum of adjustments that might have been found necessary on account of (a) and (b) above in respect of various elements making up the Financial Statements is not readily ascertainable.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India and except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2020.

We have considered the material weakness identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the March 31, 2020 financial statements of the Company, where ever these material weaknesses have affected our opinion on the financial statements of the Company and we have issued a qualified opinion on the financial statements.

For Manian & Rao,
Chartered Accountants
FRN: 001983S



Paresh Daga
Partner
M.No. 211468



Place: Bangalore

Date: June 06, 2020

UDIN: 20211468AAAAAM1550

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i)
 - (a) The Company is maintaining proper records showing full particulars, including quantitative Details and situation, of fixed assets as on March 31, 2020
 - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
 - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under paragraph 3(i)(c) of the Order is not applicable.
- (ii) The Company is in the business of providing Manpower services. Accordingly, it does not hold any physical inventories. Thus reporting on paragraph 3(ii) of the Order is not applicable.
- (iii) Except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above, no loans were granted to parties covered under Section 189 of the Act, therefore, the provisions of Clause 3(iii)(a), (b) and (c) of the said Order are not applicable to the Company for that period.
- (iv) Except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above as per the explanation and information provided, the company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- (v) Except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above, as per the explanation and information provided, the company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- (vi) The Central Government of India has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the Services rendered by the Company and therefore provision of section 3(v) of the order is not applicable to the company.




- (vii) Except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above, according to the information and explanations given to us and the records of the Company examined by us in respect of statutory dues, in our opinion,
- (a) The Company is generally regular in depositing undisputed statutory dues in respect of Provident Fund, Income tax, Labour Welfare Fund, Professional Tax, Employee's State Insurance, Service Tax, Cess, Goods and Services Tax and other material statutory dues, as applicable, with the appropriate authorities.
- (b) As per the information and explanations given to us and the records of the company examined by us, there are no dues of Goods and Service Tax and Income Tax, which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) Except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above, as per the information and explanations given to us and the records of the company examined by us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer or term loans. Therefore, the provisions of Clause 3(ix) of the said Order are not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company
- (xiii) Except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above, as per the information and explanations given to us and the records of the company examined by us, the Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act. The provisions of Section 177 of the Act is not applicable to the company.



- (xiv) Except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above, as per the information and explanations given to us and the records of the company examined by us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) Except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above, as per the information and explanations given to us the Company has not entered into any non-cash transaction with any of the directors of or persons connected with any of the directors. Hence reporting under Clause 3(xv) is not applicable to the company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company

For Manian & Rao,
Chartered Accountants
FRN: 001983S


Paresh Daga
Partner
M. No. 211468



Place: Bangalore

Date: June 06, 2020

UDIN: 20211468AAAAAM1550

IMSI Staffing Private Limited
Standalone Balance Sheet as at 31 March 2020
(All amounts in Rs lakhs, unless otherwise stated)

	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	15.35	-
Right of Use Assets	5	34.45	-
Financial assets			
Other financial assets	6	-	-
Deferred tax assets (net)	8	41.74	-
Income tax assets (net)	9	118.47	-
Total non-current assets		210.01	-
Current assets			
Financial assets			
Trade receivables	10	807.90	-
Cash and cash equivalents	11	288.06	1.00
Bank balances other than cash and cash equivalents	11	210.00	-
Other financial assets	6	0.83	-
Contract Assets	7	474.83	-
Other current assets	12	25.20	1.67
Total current assets		1,806.82	2.67
Total assets		2,016.83	2.67
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	13	531.80	0.10
Other equity	14	815.64	(0.61)
Total equity		1,347.44	(0.51)
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	19	-	-
Lease Liabilities	15	18.54	-
Net employee defined benefit liabilities	16	50.40	-
Total non-current liabilities		68.94	-
Current liabilities			
Financial liabilities			
Borrowings	17	-	3.08
Trade payables			
(a) total outstanding dues of micro and small enterprises	18	26.12	-
(b) total outstanding dues other than (a) above	18	36.76	0.10
Other financial liabilities	19	380.74	-
Lease Liabilities	15	16.95	-
Net employee defined benefit liabilities	16	18.20	-
Other current liabilities	20	121.68	-
Total current liabilities		600.45	3.18
Total liabilities		669.39	3.18
Total equity and liabilities		2,016.83	2.67

Summary of significant accounting policies 3

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

This is the balance sheet referred to in our audit report.

For Manian & Rao
ICAI Firm Registration Number: 0019835
Chartered Accountants

Paresh Daga
Partner
Membership Number: 24498



Place: Bangalore
Date: June 06, 2020

For and on behalf of the Board of Directors

N Ravi Vishwanath
Director
DIN: 07332234

Ramani Dathi
Director
DIN: 08296675



Place: Bangalore
Date: June 06, 2020

IMSI Staffing Private Limited
 Standalone Statement of Profit and Loss for the year ended 31 March 2020.
 (All amounts in Rs. lakhs, unless otherwise stated)

	Notes	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Revenue from operations			
Other income	21	3,558.76	-
Total income	22	<u>1.44</u>	<u>-</u>
		3,560.20	-
Expenses			
Employee benefits expense	23	2,904.65	-
Finance costs	24	3.99	-
Depreciation and amortization expense	25	11.80	-
Other expenses	26	312.58	0.61
Total expenses		<u>3,233.02</u>	<u>0.61</u>
Profit/ (loss) before tax			
Tax expense:		327.18	(0.61)
- Current tax			
- Deferred tax	27	109.15	-
Minimum Alternate Tax (MAT) credit		(32.74)	-
Deferred tax credit		-	-
Income tax expense / (credit)		<u>76.41</u>	<u>-</u>
Profit/ (loss) after tax for the year		250.77	(0.61)
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement gains/(losses) of defined benefits obligation	29	(35.75)	-
Income tax effect		9.00	-
Other comprehensive income for the year, net of tax		<u>(26.75)</u>	<u>-</u>
Total comprehensive income for the year, net of tax		<u>224.01</u>	<u>(0.61)</u>
Earnings per equity share:			
Basic and diluted (amount in Rs)	28	9.15	(61.39)
Summary of significant accounting policies	3		

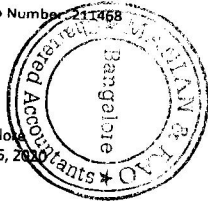
The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

For Manian & Rao
 ICAI Firm Registration Number: 0019835
 Chartered Accountants

Paresh Daga
 Partner
 Membership Number: 211468

Place: Bangalore
 Date: June 06, 2020



For and on behalf of the Board of Directors

N Ravi Vishwanath
 Director
 DIN: 07332234

Ramani Dathi
 Director
 DIN: 08296675

Place: Bangalore
 Date: June 06, 2020



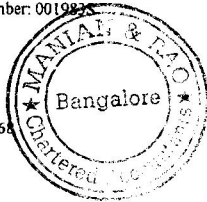
IMSI Staffing Private Limited
 Standalone Statement of Cash Flows for the year ended 31 March 2020
 (All amounts in Rs lakhs, unless otherwise stated)

Particulars	As at	
	31 March 2020	31 March 2019
Operating activities		
Profit/(Loss) before tax	327.18	(0.61)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	0.28	-
Depreciation on Right of Use assets	11.52	-
Provision for doubtful debts written back	98.80	-
Interest on Finance Lease Obligation	2.41	-
Finance income	(1.44)	-
Finance Cost	1.43	-
Working capital adjustments		
Increase in trade receivables	23.74	-
(Increase)/decrease in Loan and Deposit	225.78	-
(Increase)/decrease in other financial assets	(0.83)	-
(Increase)/decrease in contract assets	(474.83)	-
(Increase) in other current assets	(15.68)	(1.67)
Decrease in trade payables	22.64	0.10
Increase/(decrease) in other financial liabilities	380.74	-
Increase/(decrease) in other current liabilities	121.68	-
Increase/(decrease) in provisions	32.85	-
	<u>756.27</u>	<u>(2.19)</u>
Income tax paid (including TDS) (net)	(227.63)	-
Net cash flows from operating activities	<u>528.65</u>	<u>(2.19)</u>
Investing activities		
Purchase of property, plant and equipment	(15.63)	-
Proceeds from sale of property, plant and equipment	-	-
Redemption/(Investment) in Fixed Deposit	(210.00)	-
Interest received	1.44	-
Net cash flows from / (used in) investing activities	<u>(224.19)</u>	<u>0.01</u>
Financing activities		
Proceeds from issue of equity share capital	-	0.10
Interest paid on loan from related party	(1.43)	-
Loan taken from related party	587.29	3.08
Loan paid to Related Party	(590.37)	-
Repayment of Lease Liabilities	(12.88)	0.00
Net cash flows from / (used in) financing activities	<u>(17.39)</u>	<u>3.18</u>
Net increase in cash and cash equivalents	<u>287.06</u>	<u>1.00</u>
Cash and cash equivalents at the beginning of the period	1.00	-
Cash and cash equivalents at the end of the period/year	<u>288.06</u>	<u>1.00</u>

For Manian & Rao
 ICAI Firm Registration Number: 0019825
 Chartered Accountants

Paresh Daga
 Partner
 Membership Number: 211468

Place: Bangalore
 Date: June 06, 2020



For and on behalf of the Board of Directors

Ravi Vishwanath N
 Director
 DIN: 07332234

Ramani Dathi
 Director
 DIN: 08296675

Place: Bangalore
 Date: June 06, 2020



IMSI Staffing Private Limited
Standalone Statement of Changes in Equity for the year ended 31 March 2020
(All amounts in Rs lakhs, unless otherwise stated)

a. Equity share capital:

Issued, subscribed and fully paid share capital

Equity shares of Rs. 10 each:

At 1 April 2018

Additions during the year

At 31 March 2019

Additions during the year

At 31 March 2020

	Amount (in Rs.)	
	Numbers	Lakhs
At 1 April 2018	-	-
Additions during the year	1,000	0.10
At 31 March 2019	1,000	0.10
Additions during the year	5,317,000	531.70
At 31 March 2020	5,318,000	531.80

* Also refer note 13

b. Other equity

Particulars	Attributable to equity holders of the Company Reserves and surplus		Total other equity
	Capital Reserve	Retained earnings	Total
For the year ended 31 March 2019			
As at 1 April 2018	-	-	-
Profit for the year	-	(0.61)	(0.61)
Other comprehensive income	-	-	-
Total comprehensive income	-	(0.61)	(0.61)
Stock option compensation expense	-	-	-
As at 31 March 2019	-	(0.61)	(0.61)
For the year ended 31 March 2020			
As at 1 April 2019	-	(0.61)	(0.61)
Profit for the year	-	250.77	250.77
Other comprehensive income recognised directly in retained earnings, net of tax	-	-	-
Remeasurement of post employment benefit obligation, net of tax	-	(26.75)	(26.75)
Total comprehensive income	-	223.41	223.41
Transactions with owners recognised directly in Equity			
-Effect on account of Demerger (Refer Note No 38)	592.23	-	592.23
As at 31 March 2020	592.23	222.80	815.02

* Also refer note 14

Summary of significant accounting policies

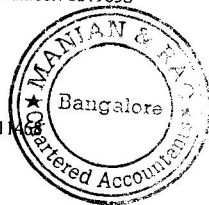
3

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

As per our report of even date

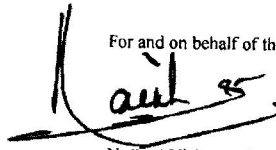
For Manian & Rao
ICAI Firm Registration Number: 0019835
Chartered Accountants


Paresh Daga
Partner
Membership Number: 211468



Place: Bangalore
Date: June 06, 2020

For and on behalf of the Board of Directors


N. Ravi Vishwanath
Director
DIN: 07332234


Ramani Dathi
Director
DIN: 08296675



Place: Bangalore
Date: June 06, 2020

IMSI Staffing Private Limited
Notes to the standalone financial statements for the year ended 31 March 2020

1 Corporate information

IMSI Staffing Private Limited (the "Company") is an IT staffing Company was incorporated on July 24, 2018. Pursuant to the scheme of demerger approved by the NCLT on July 9, 2019, the staffing division of IMSI India Pvt Ltd (Demerged company) was deemed to be transferred to the company on going concern basis w e f the appointed date i e April 1, 2018

During the year, 93.76% of the Company's share was acquired by TeamLease Services Limited Pursuant to such acquisition the company is a subsidiary of TeamLease Services Limited(Holding Company). The holding Company is listed in NSE and BSE listed entity.

The standalone financial statements are approved by the board of directors and authorized for issue in accordance with a resolution of the directors on June 6, 2020

2 Basis of preparation

(i) Compliance with Ind AS

The standalone 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, and Companies (Indian Accounting Standards) Amendment Rules, 2016

The standalone financial statements of the Company for the year ended March 31, 2019 were prepared in accordance with the accounting standards notified under section 133 of the Companies Act 2013 ("the Act"), read together with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standard) Rules, 2016 (as amended) and other relevant provisions of the Act. These standalone financial statements for the year ended March 31 2020 are the first financial statement which the Company has prepared in accordance with Ind AS. Refer note 40 for information on how the Company adopted IND AS.

(ii) Historical cost convention

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

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

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

The standalone financial statements are presented in Indian Rupees and all values are rounded to nearest lakhs except when otherwise stated.

3 Summary of significant accounting policies

3.1 Current versus non-current classification

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

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

All other assets are classified as non current.

A liability is current when:

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

The Company classifies all other liabilities as non-current

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

Advance tax paid is classified as non-current assets

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



3.2 Foreign currency translation

(i) Functional and presentation currency

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

ii) Transactions and balances

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

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

3.3 Revenue Recognition

The company earns revenue primarily from manpower services and business IT services

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

Manpower services

Revenue from manpower services is accounted when the company satisfies the performance obligation agreed in the contract/Mandate letter between the company and its customers,

Business Process Services

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

Revenue in excess of invoicing are classified as Contract Assets while invoicing in excess of revenue are classified as Contract liability

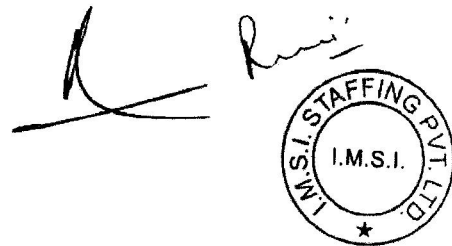
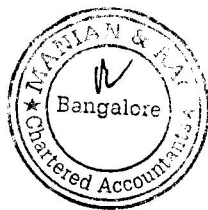
Company disaggregates revenue from contract with customers by nature of services.

Use of Significant judgements in revenue recognition

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

Interest income

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



3.4 Taxes

Income Tax

Income tax expense comprises current tax expense and deferred tax asset or liability during the year. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the company operates and generates taxable income. Current income tax relating to items not routed through the statement of profit and loss is recognised in other comprehensive income. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

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



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3.5 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right of use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.



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3.6 Property, plant and equipment

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

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

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

Depreciation methods, estimated useful lives

Depreciation is calculated using the straight-line method over their estimated useful lives of the property, plant & equipment as prescribed under Part C of Schedule II of the act as follows;

Asset	Life in Years
Computers	3
Furniture and fixtures	10
Office equipments	5

3.7 Impairment of non-financial assets

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

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

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

3.8 Allowance for credit losses on receivables and unbilled revenue

The company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The company considered current and anticipated future economic conditions relating to industries the company deals with and the countries where it operates. In calculating expected credit loss, the company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future.



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3.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the consolidated statement of profit and loss. In case of interest free or concession loans / debentures / preference shares given to subsidiaries and associates, the excess of the actual amount of the loan over initial measure at fair value is accounted as an equity investment. Investment in equity instruments issued by subsidiaries and associates are measured at cost less impairment. Investment in preference shares/ debentures of the subsidiaries are treated as equity instruments if the same are convertible into equity shares or are redeemable out of the proceeds of equity instruments issued for the purpose of redemption of such investments. Investment in preference shares/ debentures not meeting the aforesaid conditions are classified as debt instruments at amortised cost.

Effective interest method

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

(i) Financial assets

Financial assets at amortised cost

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

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through profit and loss

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

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets. Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through profit or loss.

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

Equity instruments

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

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

Derecognition of financial assets

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

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

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



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IMSI Staffing Private Limited
Notes to the standalone financial statements for the year ended 31 March 2020

(ii) Financial Liabilities

Financial liabilities at amortised cost

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

Financial liabilities at FVTPL

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

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

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

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

Derecognition of financial liabilities

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

(iii) Offsetting of financial instruments

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

(iv) Fair value of financial instruments

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

Fair value hierarchy:

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

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

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



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IMSI Staffing Private Limited
Notes to the standalone financial statements for the year ended 31 March 2020

3.10 Cash and cash equivalents

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

3.11 Employee benefits

Post-employment obligations

The company operates the following post-employment schemes:

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

Defined benefit plan

Gratuity obligations

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

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

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

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

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

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

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

Defined contribution plan

Contribution to Government Provident Fund

The Company pays provident fund contributions to publicly administered provident funds as per applicable regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

Compensated absences

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

3.12 Provisions and contingent liability

Provision

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

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

Contingent liability

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

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

3.13 Earnings Per Share (EPS)

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



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3.14 Significant accounting judgments, estimates and assumptions

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

Estimates and assumptions

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

Impairment of non-financial assets

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

Defined benefit plans (gratuity benefits)

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rate of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality table in India. The mortality tables tend to change only at interval in response to demographic changes. Further salary increases and gratuity increases are based on expected future inflation rates. Further details about the gratuity obligations are given in Note No. 29.

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

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

Taxes

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

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note no. 30 for further disclosures.

Contingent liabilities:

Contingent liabilities are not recognised in the financial statements but are disclosed in the notes. They are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs (except, in the extremely rare circumstances where no reliable estimate can be made).

Leases:

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.



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IMSI Staffing Private Limited
Notes to the standalone financial statements for the year ended 31 March 2020

Other estimates:

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

Estimation uncertainty relating to the global health pandemic on COVID-19

The company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues and impairment. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the company, as at the date of approval of these financial statements has used internal sources of information including economic forecasts etc. The Company has considered such impact to the extent known and available currently. However the impact assessment on COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

3.15 Operating segment

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

3.16 Subsequent Events

There were no significant events that occurred after the Balance Sheet date.

3.17 Recent Indian Accounting Standards (IND AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2020.



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IMSI Staffing Private Limited

Notes to the standalone financial statements for the year ended 31 March 2020

(All amounts in Rs. lakhs, unless otherwise stated)

Note 4: Property, plant and equipment

	Office equipment	Computers	Furniture & fixtures	Total
Gross block				
As at 01 April 2018	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31 March 2019	-	-	-	-
Additions	0.86	13.94	0.83	15.63
Disposals	-	-	-	-
As at 31 March 2020	0.86	13.94	0.83	15.63
Accumulated depreciation				
As at 01 April 2018	-	-	-	-
Charge during the year	-	-	-	-
Disposals	-	-	-	-
As at 31 March 2019	-	-	-	-
Charge during the year	0.03	0.24	0.01	0.28
Disposals	-	-	-	-
As at 31 March 2020	0.03	0.24	0.01	0.28
Net block				
As at 31 March 2019	-	-	-	-
As at 31 March 2020	0.84	13.70	0.82	15.35

1. There has been no impairment losses recognised during the year or previous year.

Note 5: Right of Use Assets

Opening as at 1 April, 2019	-
Add: Additions during the year	45.97
Less: Depreciation during the year	11.52
Closing as at 31st March, 2020	34.45



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IMSI Staffing Private Limited
Notes to the standalone financial statements for the year ended 31 March 2020
(All amounts in Rs. lakhs, unless otherwise stated)

Note 6: Other financial assets

Non-current

Interest accrued on fixed deposits
 Fixed deposits with banks (maturity of more than 12 months)

	As at 31 March 2020	As at 31 March 2019
	-	-
	-	-
	-	-
	0.83	-
	0.83	-

Current

Interest accrued on fixed deposits

	As at 31 March 2020	As at 31 March 2019
IT Consulting Services	474.83	-
	474.83	-

Note 7: Contract Assets

Current

IT Consulting Services

(i) Change in Contract Assets

Balance at the beginning of the year
 Revenue recognised during the year
 Invoices raised/ derecognised during the year
 Balance at the end of the year

	-	-
	3,558.76	-
	(3,083.93)	-
	474.83	-



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IMSI Staffing Private Limited
Notes to the standalone financial statements for the year ended 31 March 2020

(All amounts in Rs. lakhs, unless otherwise stated)

Note 8: Deferred tax assets (net)

	As at 31 March 2020	As at 31 March 2019
Deferred tax assets/(liabilities)	41.74	-
	41.74	-

As at	Provision for Gratuity and Leave encashment	Provision for Bad and Doubtful Debts	IndAS 116	Depreciation	Total
1 April 2018					
Credit/ charge:	-	-	-	-	-
Profit and loss	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
31 March 2019					
Credit/ charge:					
Profit and loss	8.27	24.87	0.26	(0.66)	32.74
Other comprehensive income	9.00	-	-	-	9.00
31 March 2020	17.27	24.87	0.26	(0.66)	41.74

Reconciliation of deferred tax (net)

	As at 31 March 2020	As at 31 March 2019
Opening balance		
Tax credit/ (expense) during the year recognized in statement of profit and loss	32.74	-
Tax expense during the year recognised in OCI	9.00	-
Closing balance	41.74	-

Note 9: Income tax assets (net)

	As at 31 March 2020	As at 31 March 2019
Advance income tax (net of provision for taxation)	118.47	-
	118.47	-

Income tax expense/ (credit) in the statement of profit and loss consists of:

	As at 31 March 2020	As at 31 March 2019
Current income tax charge	109.15	-
Deferred tax credit (net)	(32.74)	-
Income tax reported in the statement of profit or loss	76.41	-

Income tax recognised in other comprehensive income

	As at 31 March 2020	As at 31 March 2019
Deferred tax arising on expense/(income) recognised in other comprehensive income		
Net loss/(gain) on remeasurements of defined benefit plans	9.00	-
Income tax expense charged to OCI	9.00	-



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IMSI Staffing Private Limited

Notes to the standalone financial statements for the year ended 31 March 2020
(All amounts in Rs lakhs, unless otherwise stated)

Note 13: Equity share capital

Equity share capital

(i) Authorised equity share capital

60,00,000(Previous Year 2019:10,00,000) equity shares of Rs 10 each

	As at 31 March 2020	As at 31 March 2019
	600.00	100.00

(iii) Issued, subscribed and fully paid-up shares

53,18,000(Previous Year 2019:1,000) equity shares of Rs 10 each

Total issued, subscribed and fully paid-up shares

	531.80	0.10
	531.80	0.10

(iv) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of Rs 10 per share

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

Name of the shareholders	As at 31 March 2020		As at 31 March 2019	
	Numbers	% holding	Numbers	% holding
Equity shares of Rs.10 each fully paid				
TeamLease Services Ltd.	4,995,697	93.94%	-	-
Sudhir Kumar Jain	322,303	6.06%	-	-
Trilok Singh Gusain	-	-	500	50.00%
Mukesh Kukreti	-	-	500	50.00%
	5,318,000	100.00%	1,000	100.00%

(vi) Change in capital structure and increase in paid up capital structure pursuant to the scheme of arrangement:

Refer to note 38

Note 14: Other equity

	As at 31 March 2020	As at 31 March 2019
Retained earnings	815.64	(0.61)
	815.64	(0.61)
Surplus in the statement of profit and loss		
Opening balance	(0.61)	-
Net Profit/(Loss) for the year	250.77	(0.61)
Other comprehensive income recognised directly in retained earnings, net of tax	-	-
Remeasurement of post employment benefit obligation, net of tax	(26.75)	-
Less: Appropriation during the year	-	-
Closing balance	223.40	(0.61)

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

Capital Reserve

Opening Balance

Transactions with owners recognised directly in Equity

-Effect on account of Demerger (Refer Note No.38)

Closing balance

	592.23	-
	592.23	-



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IMSI Staffing Private Limited

Notes to the standalone financial statements for the year ended 31 March 2020

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

Note 15: Lease Liabilities

	As at 31 March 2020	As at 31 March 2019
Non-current		
Lease Liabilities	18.54	-
	18.54	-
Current		
Lease Liabilities	16.95	-
	16.95	-

Note 16: Net employee defined benefit liabilities

	As at 31 March 2020	As at 31 March 2019
Non-current		
Employee benefits - Gratuity (Refer note 29)	50.40	-
	50.40	-
Current		
Employee benefits - Gratuity (Refer note 29)	18.20	-
	18.20	-

Note 17 : Borrowings

	As at 31 March 2020	As at 31 March 2019
Current		
Loan taken from related party (Refer note 33)	-	3.08
	-	3.08

Note 18: Trade payables

	As at 31 March 2020	As at 31 March 2019
Current		
Total outstanding dues of micro enterprises and small enterprises (Refer note 35)	26.12	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	36.76	0.10
	62.88	0.10

Refer note 33 for details of trade payables to related parties.

Note 19: Other financial liabilities

	As at 31 March 2020	As at 31 March 2019
Current		
Employees benefits payable	380.74	-
Other liabilities	-	-
	380.74	-

Note 20: Other current liabilities

	As at 31 March 2020	As at 31 March 2019
Statutory dues payable	117.14	-
Other liabilities	4.54	-
	121.68	-



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IMSI Staffing Private Limited
Notes to the standalone financial statements for the year ended 31 March 2020
 (All amounts in Rs. lakhs, unless otherwise stated)

Note 21: Revenue from operations

	As at 31 March 2020	As at 31 March 2019
Staffing services	3,558.76	-
	3,558.76	-

Reconciliation of revenue recognised with contract price:

	As at 31 March 2020	As at 31 March 2019
Contract Price	3,558.76	-
Adjustments for:		
Contract liabilities	-	-
Refund liabilities	-	-
Incentives and performance bonus	-	-
Revenue from continuing operations	-	-
	3,558.76	-

Impact of Covid-19:

While the Company believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from:

- the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers;
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility and
- customers postponing their discretionary spend due to change in priorities

The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. As of now, The Company believes that there will be a negligible impact on the Revenue recognition of the company for the period under review and thus no immediate changes are required in the Revenue recognition policy of the company.

Note 22: Other income

	As at 31 March 2020	As at 31 March 2019
Interest income on:		
Deposits with banks	1.44	-
	1.44	-

Note 23: Employee benefits expense

	As at 31 March 2020	As at 31 March 2019
Salaries, wages and bonus	2,733.50	-
Gratuity expense (Refer Note:29)	(5.79)	-
Contribution to provident fund and other funds	166.40	-
Staff welfare expenses	10.54	-
	2,904.65	-



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IMSI Staffing Private Limited
Notes to the standalone financial statements for the year ended 31 March 2020
 (All amounts in Rs lakhs, unless otherwise stated)

Note 24: Finance costs

Interest on loans	
Related Party	
Interest on lease liabilities	
Interest on late payment of statutory dues	

	As at 31 March 2020	As at 31 March 2019
	1.43	-
	2.41	-
	0.15	-
	3.99	-

Note 25: Depreciation and amortisation

Depreciation of property, plant and equipment	
Depreciation on Right of Use Assets	

	As at 31 March 2020	As at 31 March 2019
	0.28	-
	11.52	-
	11.80	-

Note 26: Other expenses

Rent	
- Building	
- Computer	
Rates and taxes	
Electricity	
Traveling and conveyance	
Repairs and maintenance	
- Others	
Printing and stationery	
Legal and Management consulting	
Auditors' remuneration (Refer note below)	
Advertisement and business promotion	
Call Support & Backup	
Sundry balances written off	
Bank Charges	
Provision for expected credit loss	
Subscription Expenses	
Rebate and Discounts	
Communication cost	
Office Expenses	
Information Technology Expenses	
Preliminary Expenses	
Web Hosting charges	
Misc Expenses	

	As at 31 March 2020	As at 31 March 2019
	9.58	-
	1.22	-
	4.04	-
	2.76	-
	61.35	-
	-	-
	6.13	-
	0.45	-
	30.00	-
	6.00	0.10
	0.02	-
	69.65	-
	0.01	-
	0.23	0.10
	98.80	-
	0.81	-
	4.50	-
	4.84	-
	4.52	-
	5.32	-
	1.67	0.42
	0.37	-
	0.30	-
	312.58	0.61

Note: Payment to auditors

As auditor	
Statutory audit fee	
Tax audit fee	
Limited Review	
In other capacity	
Others services	

	As at 31 March 2020	As at 31 March 2019
	3.25	0.03
	0.60	-
	0.40	-
	1.75	0.08
	6.00	0.10



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IMSI Staffing Private Limited
Notes to the standalone financial statements for the year ended 31 March 2020
 (All amounts in Rs lakhs, unless otherwise stated)

Note 27: Tax Expenses

	As at 31 March 2020	As at 31 March 2019
Deferred tax :		
Decrease/(Increase) in deferred tax	(32.74)	-
Tax expense/(income) for the year	(32.74)	-

OCI Section

	As at 31 March 2020	As at 31 March 2019
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on remeasurements of defined benefit plans	9.00	-
Income tax charged to OCI	9.00	-

The reconciliation between the amount computed by applying the statutory income tax rate to the (loss) before tax and tax (income) / expenses charge is summarised below:

	As at 31 March 2020	As at 31 March 2019
Profit before tax	327.18	(0.61)
Tax using the Company's domestic tax rate @25.168% (March 31, 2019: 28.82%)	82.34	(0.17)
Tax effect of:		
Others including for changes in tax rates	(5.93)	-
Deferred tax assets not recognised	-	0.17
Income tax expense/(income)	76.41	-

Note 28: Earnings per share

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

	As at 31 March 2020	As at 31 March 2019
Basic Earnings per share (BEPS)		
Profit attributable to equity shareholders (Rs. in lakhs)	250.77	(0.61)
Nominal value of each equity share (Rs.)	10	10
Weighted average number of equity shares outstanding during the year (Refer Note below)	2,739,619	1,000
Basic earnings per share (in Rs.)	9.15	(61.39)
Diluted Earnings per share (DEPS)*		
Dilutive / Anti-dilutive		
Diluted earnings per share (in Rs.)	9.15	(61.39)

Note: For the Financial year 2019-20, the Weighted average numbers of number determined from date of allotment (i.e September 24, 2019) to the year ended March 31,2020



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IMSI Staffing Private Limited

Notes to the standalone financial statements for the year ended 31 March 2020
(All amounts in Rs. lakhs, unless otherwise stated)

Note 29: Employee benefit obligation

i) Defined Contribution plans

The Company also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of the salary as per the regulations. The contribution are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expenses recognised during the year towards defined contribution plan is Rs. 118.36 lakhs.

(ii) Gratuity

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

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

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. If the plan assets underperform this yield, this will create a deficit. The Company maintains plan asset through insurance company.
Interest risk	A decrease in the bond interest rate will increase the plan liability.
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 benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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

Net defined benefit liability/ (assets)		31 March 2020
Present value of defined benefit obligation		68.60
Net liability		68.60
Net benefit cost recognised in statement of profit and loss		31 March 2020
Current service cost		20.48
Past service cost		(27.65)
Interest cost on net defined benefit obligation		2.58
Benefit not paid		(1.20)
Net benefit expense		(5.78)
Remeasurement loss/(gains) in other comprehensive income		31 March 2020
Particulars		
Due to change in demographic assumptions		(4.20)
Due to change in financial assumptions		0.76
Due to change in experience adjustments		39.19
Actuarial loss/(gain) recognised in OCI		35.75

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

Particulars		31 March 2020
Defined benefit obligation at beginning of the year		39.93
Current service cost		20.48
Past service cost		(27.65)
Interest cost on defined benefit obligation		2.58
Benefits paid		(2.49)
Re-measurements		
Actuarial (gain) / loss arising from changes in demographic assumptions		(4.20)
Actuarial (gain) / loss arising from changes in financial assumptions		0.76
Actuarial (gain) / loss arising from changes in experience adjustments		39.19
Defined benefit obligation at end of the year		68.60



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	31 March 2020
Current	18.20
Non-current	50.40

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

	31 March 2020
Discount rate	5.45%
Salary escalation rate	5.00%
Expected remaining working lives of employees (years)	
Attrition rate	30.0% [CORE], 45.0% [CONSULTANT]
Retirement age	60
Mortality tables	IALM (2012-14) Ultimate

Note:

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

Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions on defined benefit obligation as at 31 March 2020 is as shown below:

	Discount rate	Salary escalation rate	Attrition rate
	31 March 2020	31 March 2020	31 March 2020
1% increase	66.80	70.15	67.83
1% decrease	70.51	67.10	69.40

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

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

	31 March 2020
Year 1	14.31
Year 2	11.27
Year 3	10.35
Year 4	8.61
Year 5	5.43
Next 5 years	8.78

The weighted average duration of defined benefit obligation at the end of the reporting period is 3 years.



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IMSJ Staffing Private Limited
Notes to the standalone financial statements for the year ended 31 March 2020

(Rs In Lakhs, unless otherwise stated)

Note 30: Fair value measurements

Financial instruments by category and hierarchy

Particulars	31 March 2020		
	Amortised cost	FVOCI	FVTPL
Financial Assets			
Trade receivables		-	-
Cash and cash equivalents	807.90	-	-
Fixed Deposits with banks (Maturity of less than 12 months)	288.06	-	-
Interest accrued on deposits	210.00	-	-
Total financial assets	1,306.79	-	-
Financial liabilities			
Trade payables	62.88	-	-
Other financial liabilities	416.23	-	-
Total financial liabilities	479.11	-	-

Particulars	31 March 2019		
	Amortised cost	FVOCI	FVTPL
Financial Assets			
Cash and cash equivalents	1.00	-	-
Total financial assets	1.00	-	-
Financial liabilities			
Trade payables	0.10	-	-
Borrowings	3.08	-	-
Other financial liabilities	-	-	-
Total financial liabilities	3.18	-	-

Management has assessed that the fair value of cash and cash equivalents, loans receivable, trade receivables, trade payables, other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: This level of hierarchy includes financial assets and liabilities, measured using quoted prices (unadjusted) in active markets. This category consists of investment in mutual funds.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.



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IMSI Staffing Private Limited

Notes to the standalone financial statements for the year ended 31 March 2020

(Rs In Lakhs, unless otherwise stated)

Note 31: Financial risk management objectives and policies

- i) The Company's board of directors have the overall responsibility of the establishment and oversight of its risks management framework
- ii) The Company's principal financial liabilities comprise trade and other payables. The Company's principal financial assets include loans, trade and other receivables, cash and cash equivalents and other bank balances that derive directly from its operations
- iii) The Company's activities exposes it to market risk, liquidity risk and credit risk.
- iv) These risks are identified on a continuous basis and assessed for the impact on the financial performance. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign currency risk

Financial instruments affected by market risks include trade receivable and trade payable

(i) Foreign Currency Risk

Foreign currency risks is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company does not have significant foreign currency exposure and hence is not exposed to any significant foreign currency risks

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company does not have significant debt obligation with floating interest rates, hence is not exposed to any significant interest rate risks.

(b) Credit risk

Credit risk is the risk that counterparty will not meet its contractual obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities with banks and financial institutions, loans receivables and other financial instruments.

Trade receivables

With respect to trade receivables/unbilled revenue, the Company has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Company creates allowance for all unsecured receivables based on lifetime expected credit loss based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

Management does not expect any significant loss from non-performance by counterparties on credit granted during the financial year that has not been provided for

Assets under credit risk

Trade receivable
Other financial assets
Total

	31-Mar-20	31-Mar-19
Trade receivable	807.90	-
Other financial assets	0.83	-
Total	808.73	-



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IMSI Staffing Private Limited
Notes to the standalone financial statements for the year ended 31 March 2020

(Rs In Lakhs, unless otherwise stated)

The following table summarises the changes in the loss allowance measured using ECL:

Particulars	31-Mar-20	31-Mar-19
Opening balance		
Amount provided/ (reversed) during the year	98.80	-
Closing provision	98.80	-

Financial instrument and cash deposit

Credit risk from balances with the banks and financial institutions and current investment are managed by the Company's treasury team based on the Company's policy. Investment of surplus fund is made only with approved counterparties.

Counterparty credit limits are reviewed by the company periodically and the limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors its risk of a shortage of funds on a regular basis. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments

	0-1 year	1-2 years	2 years and above	Total
As at 31 March 2020				
Trade payables	62.88	-	-	62.88
Other financial liabilities	397.69	18.54	-	416.23
	<u>460.57</u>	<u>18.54</u>	<u>-</u>	<u>479.11</u>
As at 31 March 2019				
Trade payables	0.10	-	-	0.10
	<u>0.10</u>	<u>-</u>	<u>-</u>	<u>0.10</u>

Note 32: Capital Management

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor and customer confidence and to ensure future development of its business. The Company focused on keeping strong capital base to ensure independence, to ensure sustained growth in business.

The Company is predominantly equity financed. To maintain and adjust capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company has not any amount of borrowings. The existing surplus funds along with the cash generated by the Company are sufficient to meet its current/non-current obligation and working capital requirements.



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IMSI Staffing Private Limited
Notes to the standalone financial statements for the year ended 31 March 2020
(All amounts in Rs. lakhs, unless otherwise stated)

Note 33: Related party disclosure

(i) List of related parties and relationship:

Description of relationship	Name of the related parties
a) Holding Company	Teamlease Services Limited (w e f November 12, 2019)
b) Fellow Subsidiary	IIT Education Private Limited (IIT) TeamLease Education Foundation (TLEF) TeamLease Digital Private Limited (TDPL) Keystone Business Solutions Private Limited (KBSPL) Evolve Technologies and Services Private Limited (ETSPL) TeamLease E-Hire Private Limited(TLEPL)
c) Other Related Party	IMSI India Private Limited
d) Person exercising significant influence	Sudhir Kumar Jain- Director- w e f - 04-05-2020 Mukesh Kukreti-Director- w e f- 24-07-2018 Ravi Vishwanath-Director-w e f 12-11-2019 Ramani Dathi -Director- w e f. 12-11-2019 Trilok Gusain-Director-Resigned w e f 12-11-2019

(ii) Transactions with related parties

	31 March 2020	31 March 2019
Loan Received		
Teamlease Services Limited	300.00	-
IMSI India Private Limited	287.29	3.08
Loan repaid		
Teamlease Services Limited	300.00	-
IMSI India Private Limited	290.37	-
Interest charged		
Teamlease Services Limited	1.43	-
Interest Paid		
Teamlease Services Limited	1.43	-
Sale of Service		
Teamlease Services Limited	0.41	-
Expenses incurred by the others on behalf of Company - Cross charged		
Teamlease Digital Private Limited	34.09	-
Cross-Charges to		
IMSI India Pvt Ltd	80.01	-
Paid by company to Director-		
Salary Paid		
Mukesh Kukreti	15.79	-
Trilok Gusain	4.16	-
Rent Paid		
Sudhir Kumar Jain	9.58	-

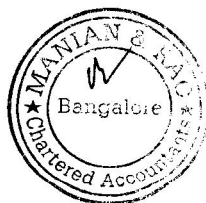
(iii) Outstanding balances as at year ended

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

	31 March 2020	31 March 2019
Trade/other Receivables		
Teamlease Services Limited	0.41	-
IMSI India Private Limited	32.67	-
Sundry Creditors		
Teamlease Digital Private Limited	25.43	-
Borrowings - Loan		
IMSI India Private Limited	-	3.08

Note 34: Contingent liabilities

There are no reportable contingent liability.



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Note 35: The Micro, Small and Medium Enterprises Development Act, 2006

Particulars	31 March 2020	31 March 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year		
Principal amount due to micro and small enterprises	26.12	-
Interest due on above	0.01	-
	<u>26.13</u>	<u>-</u>
Total		
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	0.01	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-



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Note 36: Commitments

(a) Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at:

	31 March 2020	31 March 2019
Property, plant and equipment	-	-

Note 37: Cancellable and non-cancellable operating leases

The Company has entered into various cancellable and non-cancellable operating lease agreements for office premises at various locations. The lease period ranges between 1 year to 3 years. The lease rental charged during the year and obligation on the long term non-cancellable operating lease as per the lease agreement are as follows:

Lease rentals under cancellable and non-cancellable leases

	31 March 2020	31 March 2019
	9.58	-
	9.58	-
Within one year	14.37	-
Later than one year but not later than five years	-	-
Later than five years	-	-
	14.37	-

Note 38: Scheme of Demerger

Background

I M S I Staffing Private Limited was incorporated under the Companies Act, 2013 ('the Act'). The company is engaged in business of providing managed staffing solutions, information technology and telecom infrastructure services.

National Company law tribunal (NCLT) vide its order dated July 9, 2019 has approved the scheme of demerger of staffing division of I M S I (India) Pvt Ltd (hereinafter called "the demerged company") into the company with an appointed date of April 1, 2018 ("the appointed date"). In terms of the scheme and as approved by NCLT:

• All the assets and liabilities of the staffing division of the demerged company were deemed to be transferred to the company on a going concern basis with effect from the appointed date.

• In consideration of the demerger including transfer and vesting of staffing division of the demerged company to the company, 5317 equity shares of the company of face value of INR 10 to be issued to the members of the demerged company for every 100 equity shares of Rs 100 each held by them in the demerged company.

The company has given effect of the Demerger in the books of account with effect from 1st August, 2019 and has allotted 53,18,000 shares to the members of De-merged Company based on the share capital deployed in the staffing business and affidavit dated 1st December, 2018 filed with NCLT to this effect.

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

Particulars	Amount in lakhs
Long-term Deposits, Loan & Advances	225.78
Trade receivables	930.44
Other current assets	7.85
Total fair value of assets acquired (A)	1,164.07
Liabilities assumed	
Trade payables	40.14
Total Liabilities assumed (B)	40.14
Total Net assets(Profit on De-merger) (A-B)	1,123.93
Shares Alloted in consideration of Demerger	531.70
Capital Reserve	592.23





IMSI Staffing Private Limited

Notes to the standalone financial statements for the year ended 31 March 2020

(All amounts in Rs lakhs, unless otherwise stated)

Note 39: Effect of adoption of IND AS 116

The company has not entered into lease agreement that would qualify as a operating lease as per IndAS 116 before 01-04-2019 Hence ,there is no impact of transition provisions under the said IndAS

Note 40: First time adoption

A. First time adoption

For period ended March 31, 2019, the Company prepared its financial statements in accordance with generally accepted accounting principle in India (Indian GAAP)

Accordingly, the Company has prepared standalone financial statements which comply with Ind AS applicable for year ending on March 31, 2020, together with the comparative period data as at and for the year ended March 31, 2019, as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements for the year ended March 31, 2019

Exemptions and exceptions availed

Estimates

In accordance with Ind AS, as at the date of transition to Ind AS an entity's estimates shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 31 March 2020 are consistent with the estimates as at the same date made in conformity with previous GAAP apart from the impairment of financial assets based on expected credit loss model where the previous GAAP did not require estimate

B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

(i) Equity reconciliations	31 March 2019
Total Equity (Shareholder's fund) as per previous GAAP	(0.51)
Total adjustments	-
Total equity as per Ind AS	(0.51)

C: Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

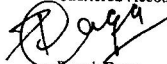
Note 41: Previous year figures have been regrouped

The figures of the previous periods have been regrouped/reclassified, where necessary, to conform with the current year's classification.

For Manian & Rao

ICAI Firm Registration Number: 0019835

Chartered Accountants



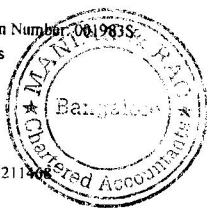
Paresh Daga

Partner

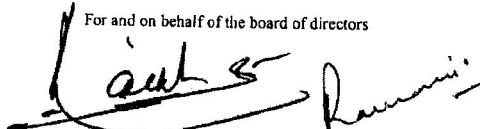
Membership Number: 2117406

Place: Bangalore

Date: June 06, 2020



For and on behalf of the board of directors



Ravi Venkatesh N

Director

DIN: 07332234

Place: Bangalore

Date: June 06, 2020

Raman Dathi

Director

DIN: 08296675

