

**MOBILE COMMERCE SOLUTIONS LIMITED**

**Financial Statements**

**For the year ended March 31, 2019**

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Mobile Commerce Solutions Limited

**Report on the Audit of the Ind AS Financial Statements****Opinion**

We have audited the accompanying Ind AS financial statements of Mobile Commerce Solutions Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its loss including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

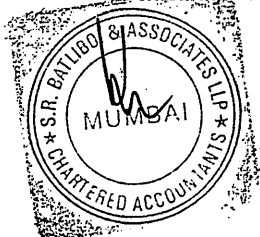
**Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Annual report is not made available to us as at the date of this auditor's report. We have nothing to report in this regard.



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## **Responsibility of Management for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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 are also responsible for overseeing the Company's financial reporting process.

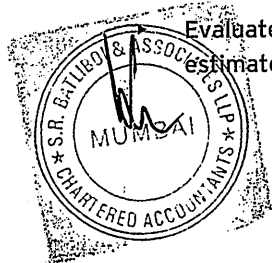
## **Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS 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 Ind AS 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 Act, 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.



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- ▶ 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 Company's ability 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 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 Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS 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.

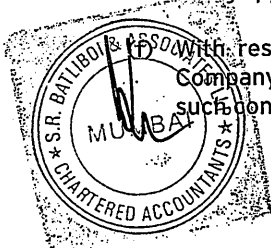
#### Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2018, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 30, 2018.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

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- (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
- (h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 20 to the Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

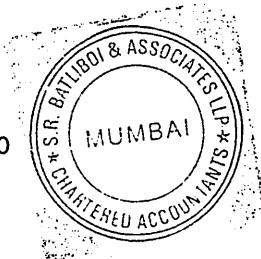


per Vineet Kedia  
Partner

Membership Number: 212230

Place: Mumbai

Date: April 30, 2019



# S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

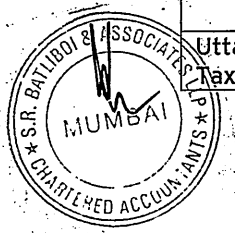
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**Annexure 1 referred to in paragraph 1 under Report on Other Legal and Regulatory Requirements of our report of even date**

**Re: Mobile Commerce Solutions Limited (the 'Company')**

- (i) The Company does not have any fixed assets and accordingly the requirements under clause 3(i) (a), (b) and (c) of the Order are not applicable to the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 (the "Act"). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no investments, loans, guarantees and securities given in respect of which provisions of section 185 and section 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Act, for the services of the Company.
- (vii) (a) Undisputed statutory dues including income tax, goods and service tax, duty of custom, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities. The provisions relating to provident fund, employee's state insurance, sales tax, value added tax and duty of excise are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, good and service tax, duty of custom, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, goods and service tax and cess which have not been deposited on account of any dispute. The particulars of value added tax, sales tax and entry tax as at March 31, 2019 which have not been deposited on account of a dispute, are as follows -

Name of Statute	Nature of Dues	Amount (Rs. In thousands)*	Period to which the amount relates	Forum where the dispute is pending
Delhi Value Added Tax Act	Value Added Tax	3,360	2014-16	Commissioner of Commercial Taxes, (Appeal)
Uttar Pradesh Value Added Tax Act	Value Added Tax	214	2012-13 & 2013-14	Additional Commissioner



# S.R. BATLIBOI & ASSOCIATES LLP

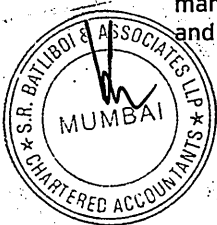
Chartered Accountants

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Name of Statute	Nature of Dues	Amount (Rs. In thousands)*	Period to which amount relates	Forum where the dispute is pending
				Commercial Taxes (Appeal)
Rajasthan Value Added Tax Act	Value Added Tax	84	2012-15	Assistant Commissioner of Commercial Taxes
Rajasthan Value Added Tax Act	Value Added Tax	40	2016-17	Commercial Tax Officer
Maharashtra Value Added Tax Act	Value Added Tax	9,158	2013-14	Commissioner of Commercial Taxes, (Appeal)
Maharashtra Value Added Tax Act	Value Added Tax	22,713	2012-13	Joint Commissioner of Commercial Taxes
Bihar Value Added Tax Act	Value Added Tax	487	2013-14	Joint Commissioner of Commercial Taxes
Rajasthan Value Added Tax Act	Value Added Tax	85	2015-16	Joint Commissioner of Commercial Taxes
West Bengal Value Added Tax Act	Value Added Tax	169	2012-13	Joint Commissioner of Commercial Taxes
Delhi Value Added Tax Act	Value Added Tax	30,718	2012-13	Special Commissioner
Maharashtra Value Added Tax Act	Value Added Tax	1,011	2012-13	Joint Commissioner of Commercial Taxes
Maharashtra Value Added Tax Act	Value Added Tax	7,835	2013-14	Commissioner of Commercial Taxes, (Appeal)
Rajasthan Value Added Tax Act	Value Added Tax	157	2014-15 & 2016-17	Commercial Tax officer
Rajasthan Value Added Tax Act	Value Added Tax	72	2012-13	Assistant Commissioner of Commercial Taxes
Kerala Value Added Tax Act	Value Added Tax	353	2015-16	Deputy Commissioner of Commercial Taxes (Appeal)
West Bengal Entry Tax Act	Entry Tax	831	2012-13 & 2015-16	Joint commissioner on commercial tax
West Bengal Entry Tax Act	Entry Tax	656	2013-14	Appellate & Revisional Board

\*net of amount paid under protest

- (viii) The Company did not have any outstanding loans or borrowings due in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer or debt instruments and term loans, hence reporting under clause (ix) is not applicable to the Company and not commented upon.
- (x) Based upon the audit procedures performed, for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

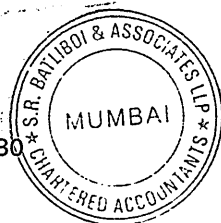
Mobile Commerce Solutions Limited  
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- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

  
per Vineet Kedia  
Partner

Membership Number: 212230  
Place: Mumbai  
Date: April 30, 2019





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## **Annexure 2 to the Independent Auditor's report of even date on the Ind AS Financial Statements of Mobile Commerce Solutions Limited**

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

We have audited the internal financial controls over financial reporting of Mobile Commerce Solutions Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

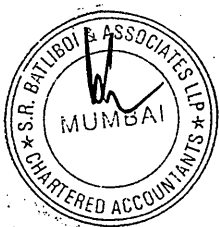
The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 audit opinion on the internal financial controls over financial reporting with reference to these Ind AS financial statements.



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## Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

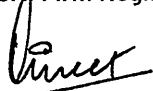
## Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

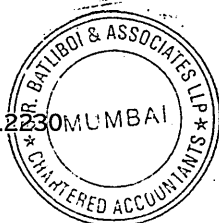
Because of the inherent limitations of internal financial controls over financial reporting with reference to these Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.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

## Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at March 31, 2019, 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.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

  
per Vineet Kedia  
Partner  
Membership Number: 212230  
Place: Mumbai  
Date: April 30, 2019



# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

## Balance Sheet as at March 31, 2019

Particulars	Notes	As at	
		March 31, 2019	March 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	7	2	19
Financial assets			
Investment in subsidiary	8	252,300	1,499,000
Other non-current financial assets	9	1,908	1,006
Deferred tax assets (net) (refer note 34)		-	-
Other non-current assets	10	36,503	27,749
<b>Total non-current assets (A)</b>		<b>290,713</b>	<b>1,527,774</b>
<b>Current assets</b>			
Inventories	11	39,054	18,960
Financial assets			
Trade receivables	12	30,599	104,978
Cash and cash equivalents	13	1,253,736	1,364,522
Bank balance other than cash and cash equivalents	14	2,046	2,583
Other current financial assets	15	7,669	1,390
Other current assets	16	64,823	39,419
<b>Total current assets (B)</b>		<b>1,397,927</b>	<b>1,531,852</b>
<b>Total Assets (A+B)</b>		<b>1,688,640</b>	<b>3,059,626</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	17	4,052,632	4,052,632
Other equity	18	(2,468,494)	(1,211,503)
<b>Total equity (A)</b>		<b>1,584,138</b>	<b>2,841,129</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Financial liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	19	7	70
Total outstanding dues of creditors other than micro enterprises and small enterprises		103,338	212,767
Other current financial liabilities	20	70	99
Other current liabilities	21	1,087	5,561
<b>Total current liabilities (B)</b>		<b>104,502</b>	<b>218,497</b>
<b>Total Equity and Liabilities (A+B)</b>		<b>1,688,640</b>	<b>3,059,626</b>

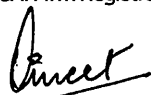
The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No: 101049W/E300004



Vineet Kedia

Partner

Membership No.: 212230



Place: Mumbai

Date: April 30, 2019

For and on behalf of the Board of Directors of Mobile Commerce Solutions Limited



Avneesh Khosla

Managing Director

(DIN: 07775577)



Manoj Tibrewala

Chief Financial Officer

Place: Mumbai

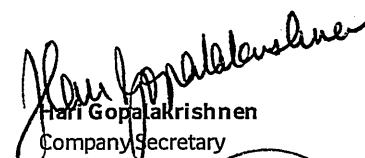
Date: 30-04-2019



Rohit Krishna

Director

(DIN: 07771689)



Hari Gopalakrishnan

Company Secretary



# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

## Statement of Profit and Loss for the year ended March 31, 2019

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Income</b>			
Sale of trading goods		378,394	468,914
Other operating income	22	34,808	46,418
<b>Revenue from operations</b>		<b>413,202</b>	<b>515,332</b>
Other income	23	70,576	58,422
<b>Total income</b>		<b>483,778</b>	<b>573,754</b>
<b>Operating Expenditure</b>			
Purchase of stock-in-trade		363,413	365,471
Changes in inventories of work in progress, stock in trade and finished goods	24	(20,094)	56,138
Advertisement and business promotion expenditure		82,782	91,669
Other expenses	25	67,389	129,552
		<b>493,490</b>	<b>642,830</b>
<b>(Loss) before finance costs, amortisation, exceptional items &amp; tax</b>		<b>(9,712)</b>	<b>(69,076)</b>
Finance costs	26	562	11,963
Amortisation	7	17	72
<b>(Loss) before exceptional items &amp; tax</b>		<b>(10,291)</b>	<b>(81,111)</b>
Exceptional items	27	1,246,700	-
<b>(Loss) before tax</b>		<b>(1,256,991)</b>	<b>(81,111)</b>
Tax expense:			
- Current tax		-	-
- Deferred tax		-	-
<b>(Loss) after tax for the year</b>		<b>(1,256,991)</b>	<b>(81,111)</b>
<b>Total comprehensive loss for the year</b>		<b>(1,256,991)</b>	<b>(81,111)</b>
<b>Earnings/(Loss) per equity share of ₹ 10 each:</b>			
Basic (₹)	35	(3.10)	(0.20)
Diluted (₹)	35	(3.10)	(0.20)

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No: 101049W/E300004

Vineet Kedia

Partner

Membership No.: 212230

For and on behalf of the Board of Directors of Mobile Commerce Solutions Limited

Avneesh Khosla

Managing Director

(DIN: 07775577)

Ronit Krishna

Director

(DIN: 07771689)

Manoj Tibrewala

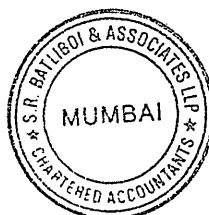
Chief Financial Officer

Hari Gopalakrishnan

Company Secretary

Place: Mumbai

Date: April 30, 2019



Place: Mumbai

Date: 30-04-2019



# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

## Statement of Changes in Equity for the year ended March 31, 2019

### A. Equity Share Capital:

Equity shares of ₹ 10 each issued, subscribed and fully paid

	Numbers	Amount
As at April 1, 2017	405,263,153	4,052,632
Issue of share capital	-	-
As at March 31, 2018	405,263,153	4,052,632
Issue of share capital	-	-
As at March 31, 2019	405,263,153	4,052,632

### B. Other Equity:

Particulars	Reserves and surplus		Total
	Securities premium	Retained earnings	
As at April 1, 2017	1,820,800	(2,951,192)	(1,130,392)
Loss for the year ended March 31, 2018	-	(81,111)	(81,111)
Total comprehensive loss	-	(81,111)	
As at March 31, 2018	1,820,800	(3,032,303)	(1,211,503)
Loss for the year ended March 31, 2019	-	(1,256,991)	(1,256,991)
Total comprehensive loss	-	(1,256,991)	
As at March 31, 2019	1,820,800	(4,289,294)	(2,468,494)

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No: 101049W/E300004

Vineet Kedia

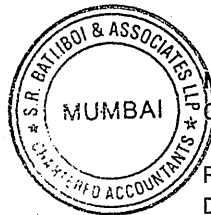
Partner

Membership No.: 212230

For and on behalf of the Board of Directors of Mobile Commerce Solutions Limited

Avneesh Khosla  
Managing Director  
(DIN: 07775577)

Rohit Krishna  
Director  
(DIN: 07771689)



Manoj Tibrewala  
Chief Financial Officer

Hari Gopalakrishnen  
Company Secretary

Place: Mumbai  
Date: April 30, 2019

Place: Mumbai  
Date: 30-04-2019

# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

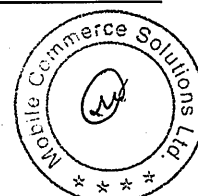
(All amounts are in INR thousands, except per share data and unless stated otherwise)

## Statement of Cash Flows for the year ended March 31, 2019

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Operating activities</b>		
Loss before tax	(1,256,991)	(81,111)
<b>Adjustments to reconcile loss before tax to net cash flows:</b>		
Amortisation of intangible assets	17	72
Finance costs (including fair value change in financial instruments)	562	11,963
Allowance for doubtful debts / advances	6,530	13,969
Liabilities / provisions no longer required written back	(34,808)	(46,418)
Exceptional items	1,246,700	-
Other income	(70,576)	(58,422)
<b>Adjustments for changes in working capital</b>		
Decrease/(Increase) in trade receivables	67,849	(14,992)
(Increase)/Decrease in inventories	(20,094)	56,138
(Increase) in other financial and non-financial assets	(26,221)	(37,764)
(Decrease)/Increase in trade payables	(74,684)	145,825
(Decrease) in other financial and non-financial liabilities	(4,503)	(3,036)
<b>Cash flows (used in) operating activities</b>	<b>(166,219)</b>	<b>(13,776)</b>
Income tax (paid) (including TDS) (net)	(7,835)	(6,568)
<b>Net cash flows from operating activities</b>	<b>(174,054)</b>	<b>(20,344)</b>
<b>Investing activities</b>		
Interest received	63,830	65,675
<b>Net cash flows from investing activities</b>	<b>63,830</b>	<b>65,675</b>
<b>Financing activities</b>		
Payment of interest	(562)	(11,963)
Proceeds from short term borrowings	-	30,000
Repayment of short term borrowings	-	(30,000)
<b>Net cash flows (used in) financing activities</b>	<b>(562)</b>	<b>(11,963)</b>
<b>Net (decrease)/increase in cash and cash equivalents during the year</b>	<b>(110,786)</b>	<b>33,368</b>
Cash and cash equivalents at the beginning of the year	1,364,522	1,331,154
<b>Cash and cash equivalents at the end of the year</b>	<b>1,253,736</b>	<b>1,364,522</b>

1. Cash and Cash Equivalents include the following Balance Sheet amounts

Particular	For the year ended March 31, 2019	For the year ended March 31, 2018
Cheques on hand	2	41
Balances with banks		
In current accounts	53,734	164,481
In deposit accounts	1,200,000	1,200,000
	<b>1,253,736</b>	<b>1,364,522</b>



# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

## Statement of Cash Flows for the year ended March 31, 2019

### 2. Disclosure of changes in liabilities arising from financing activities on account of non-cash transactions

Particulars	Changes in derivative assets / liabilities
<b>Balance as at April 1, 2017</b>	-
(i) Non - cash items	
Foreign exchange (gain)/loss	(438)
<b>Balance as at April 1, 2018</b>	<b>(438)</b>
(i) Non - cash items	
Foreign exchange (gain)/loss	438
<b>Balance as at March 31, 2019</b>	-

3. The above Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 on Statement of Cash Flows.

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No: 101049W/E300004




Vineet Kedia

Partner

Membership No.: 212230

For and on behalf of the Board of Directors of Mobile Commerce Solutions Limited



Avneesh Khosla

Managing Director

(DIN: 07775577)



Rohit Krishna

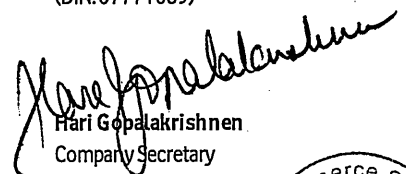
Director

(DIN: 07771689)



Manoj Tibrewala

Chief Financial Officer

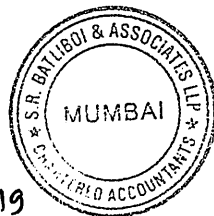


Hari Gopalakrishnan

Company Secretary

Place: Mumbai

Date: April 30, 2019



Place: Mumbai

Date: 30-04-2019



# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

## Notes to Financial Statements

### 1. Corporate Information

Mobile Commerce Solutions Limited (herein referred to as "MCSL" or "the Company"), a wholly owned subsidiary of Vodafone Idea Limited ("VIL") was incorporated on June 12, 2008 under the provisions of the Companies Act, 1956 applicable in India. The registered office of the Company is situated at Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013, India.

The Company's principal business consists of trading of Mobile handsets, data card and related accessories.

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorised for issue on April 30, 2019.

### 2. Statement of compliance

The financial statements of the Company comprising of Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows together with the notes have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

### 3. Basis of preparation

The financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services on the transaction date. The Company has assessed its liquidity position and its possible sources of funds. The Board of Directors are confident of the Company's ability to meet its obligations as and when they arise in the next twelve months from the balance sheet date. Accordingly, these financial statements have been prepared on a going concern basis.

All financial information presented in INR has been rounded off to thousands unless otherwise stated.

The financial statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and division II of schedule III of the Companies Act, 2013.

### New and amended standards adopted by the Company

#### Ind AS-115, "Revenue from Contracts with Customers"

Effective April 1, 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" basis the modified retrospective method applied retrospectively to the contracts that are not completed as of April 1, 2018 (being date of initial application). Accordingly, the comparative information has not been restated. The effect on adoption of the said standard was insignificant on these financial statements.

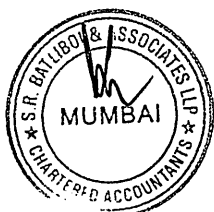
The new revenue recognition standard Ind AS 115 defines a new five-step model to recognise revenue from customer contracts. Revenue is recognised when a customer obtains control of the goods or receives services and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard supersedes Ind AS 18 'Revenue' and Ind AS 11 'Construction contracts' and related interpretations.

Other standards such as Ind AS 12 – "Income tax" have been implemented but don't have any impact on the Company.

### 4. Significant Accounting Policies

#### a) Revenue Recognition

Revenue is recognised when a customer obtains control of the goods and thus has the ability to direct the use and obtain the benefits from the goods. Revenue is measured at the Transaction price i.e. an amount that reflects the consideration, to which an entity expects to be entitled in exchange for transferring goods to customers, excluding amounts collected on behalf of third parties. Taxes and duties collected by the seller / service provider are to be deposited with the government and not received by the Company on their own account. Accordingly, it is excluded from revenue.





# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

## Notes to Financial Statements

The Company evaluates its exposure to significant risks and rewards associated with the revenue arrangements in order to determine its position of a principal or an agent in this regard. Consideration payable to a customer includes cash or credit or other items expected to be payable to the customer (or to other parties that purchase the entity's goods from the customer). The Company accounts for consideration payable to a customer as a reduction from the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity.

### i. Revenue from Sale of Trading Goods

Revenue from sale of handsets, data cards and related accessories is recognised when control of the asset is transferred to the customer, generally on delivery of equipment.

### ii. Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is recorded using the applicable Effective Interest Rate (EIR), which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### b) Investment in Subsidiary

The Company recognises its investments in subsidiaries at cost less any impairment losses, if any.

### c) Foreign currency transactions

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

Transactions in foreign currencies are initially recorded at the INR spot rate on the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange on the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised on net basis within finance cost in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recognised using the exchange rates at the dates of the initial transactions.

### d) Exceptional items

Items of income or expense from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company are disclosed as Exceptional items in the Separate Statement of Profit and Loss.

### e) Taxes

Income tax expense represents the sum of current tax and deferred tax.

#### i. Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current tax is based on the taxable income and calculated using the applicable tax rates and tax laws. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in OCI or directly in equity.



# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

## Notes to Financial Statements

### ii. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at the end of each reporting date and are recognised to the extent 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 in correlation to the underlying transaction either in OCI or directly in equity.

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

### f) Current / Non – Current Classification

An asset is classified as current when

- It is expected to be realized or consumed in the respective company's normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period; or
- If it is cash or cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Any asset not conforming to the above is classified as non-current.

A liability is classified as current when

- It is expected to be settled in the normal operating cycle of the respective companies;
- It is held primarily for the purposes of trading;
- It is expected to be settled within twelve months after the reporting period; or
- The respective companies have no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Any liability not conforming to the above is classified as non-current.

### g) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Cost includes all direct costs relating to acquisition of Intangible assets and borrowing cost relating to qualifying assets. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any

The useful lives of intangible assets are assessed as either finite or indefinite. There are no intangible assets assessed with indefinite useful life.

Intangible assets with finite lives are amortised over the useful economic life. The amortisation period, residual value and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.



# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

## Notes to Financial Statements

Intangible assets are amortised on straight line method as under:

- Software, which is not an integral part of hardware, is treated as an intangible asset and is amortised over its useful economic life as estimated by the management to be 3 years.

Cost of Intangible assets under development represents cost of intangible assets not ready for intended use as on the reporting date.

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

### h) Impairment of Non – Financial Assets

Intangible assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, an appropriate valuation model is used. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, an impairment loss is recognised in Statement of Profit and Loss by reducing the carrying amount of the asset (or cash-generating unit) to its recoverable amount.

For assets excluding goodwill, impairment losses recognized in the earlier periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. If such indication exists, the Company estimates the asset's (or cash generating unit's) recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had such impairment loss not been recognised for the asset (or cash-generating unit) in prior years. Any reversal of an impairment loss is recognised immediately in the statement of profit and loss.

### i) Borrowing Costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. All borrowing costs are expensed in the period in which they are incurred

### j) Inventories

Inventories are valued at cost or net realisable value, whichever is lower. Cost is determined on FIFO basis and includes cost of purchase and other costs incurred in bringing inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

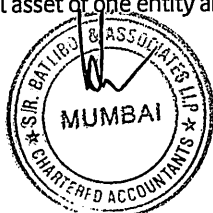
### k) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise of cash at bank 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.

### l) Financial Instruments

#### Initial recognition and measurement

Financial Instruments (assets and liabilities) are recognised when the Company becomes a party to a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.



# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

## Notes to Financial Statements

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than those designated as fair value through profit or loss (FVTPL), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the statement of profit and loss.

### i. Financial assets

All regular way purchase or sale of financial assets are recognised and derecognised on a trade date basis. Regular way purchase or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

#### Subsequent measurement

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets:

- a) Financial assets measured at amortised cost
- b) Financial assets measured at fair value through profit or loss (FVTPL)
- c) Financial assets measured at fair value through other comprehensive income (FVTOCI) – The Company does not have any assets classified as FVTOCI.

#### Financial assets measured at amortised cost

A financial asset is measured at amortised cost if both the following conditions are met:

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables, loans, etc.

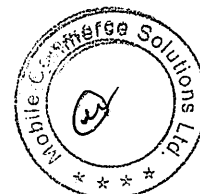
#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised when:

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

#### (b) Financial assets measured at FVTPL

FVTPL is a residual category for financial assets in the nature of debt instruments. Financial assets included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.



# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

## Notes to Financial Statements

### De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

- the Company has transferred substantially all the risks and rewards of the asset, or
- the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### Impairment of financial assets

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

- Debt instruments measured at amortised cost e.g., loans and bank deposits
- Trade receivables
- Other Financial assets not designated as FVTPL

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

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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

## ii. Financial liabilities

### Subsequent measurement

All financial liabilities are subsequently measured at amortised cost using the EIR method or at FVTPL.

### Financial liabilities at amortised cost

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

### Financial liabilities at FVTPL

Financial liabilities are classified as FVTPL when the financial liabilities are held for trading or are designated as FVTPL on initial recognition. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.



# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

Notes to Financial Statements

## De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

In case, an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in Statement of Profit and Loss.

## iii. Offsetting financial instruments

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

## m) Fair value measurement

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

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

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

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

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

## n) Earnings/Loss per share

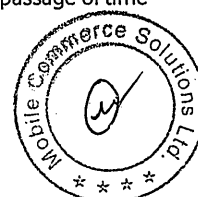
The earnings considered in ascertaining the Company's Earnings per share (EPS) is the net profit after tax.

EPS is disclosed on basic and diluted basis. Basic EPS is computed by dividing the profit / loss for the period attributable to the shareholders of the Company by the weighted average number of shares outstanding during the period. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of the potential dilutive equity shares is anti-dilutive.

## o) Provisions and Contingent Liabilities

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

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.



# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

Notes to Financial Statements

## Contingent Liabilities

A Contingent Liability is disclosed where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent Assets are not recognised.

## 5. Use of Estimates, assumptions and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.

The Company has 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.

### A. Estimates and Assumptions

#### i. Taxes

The company provide for tax considering the applicable tax regulations and based on reasonable estimates. Management periodically evaluates positions taken in the tax returns giving due considerations to tax laws and establishes provisions in the event if required as a result of differing interpretation or due to retrospective amendments, if any.

The recognition of deferred tax assets is based on availability of sufficient taxable profits in the company against which such assets can be utilized. Significant management judgment 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.

#### ii. Provisions and Contingent Liabilities

Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Evaluations of uncertain provisions and contingent liabilities and assets requires judgement and assumptions regarding the probability of realization and the timing and amount, or range of amounts, that may ultimately be incurred. Such estimates may vary from the ultimate outcome as a result of differing interpretations of laws and facts.

## 6. New accounting pronouncements to be adopted on or after April 1, 2019.

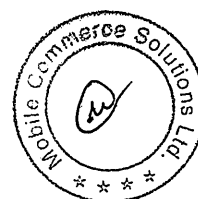
### a. Ind AS 116- Leases

Standard will be applied from April 1, 2019. Currently, the payment obligations arising from operating leases only have to be disclosed in the Notes. In the future, the rights and obligations related to such leases are required to be recognised as assets (right-of-use asset) and liabilities (lease liability) in the Balance sheet.

The Company does not have any operating lease therefore there will not be any impact due to the change.

### b. Amendment to Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments

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



# Mobile Commerce Solutions Limited

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## Notes to Financial Statements

The standard permits two possible methods of transition –

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

The Company is currently evaluating the effect of this amendment on the financial statements.

### c. Amendment to Ind AS 12 'Income Tax'

The amendment clarifies that the income tax consequences of dividends including payments on financial instruments classified as equity, are linked more directly to past transactions or events that generated distributable profits rather than to distribution of such amounts to owners. Therefore, an entity shall recognise the income tax consequences of dividends in the Statement of Profit and Loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

The amendment has no impact on the financial statements.

### d. Amendment to Ind AS 23 'Borrowing Costs'

The amendment clarifies that for computing general rate of borrowed funds, an entity should exclude specific borrowing for obtaining a qualifying asset, only until the asset is ready for its intended use or sale. Borrowing costs (related to specific borrowings) that remains outstanding after the related qualifying asset is ready for use or sale should subsequently be considered as part of general borrowing costs of the entity.

The amendment has no impact on the financial statements.

### e. Amendment to Ind AS 109 'Financial Instruments'

The amendment clarifies that an exception has been prescribed to the classification and measurement requirements with respect to the SPPI criterion i.e. the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' for financial asset or a debt instrument which:

- i. have a prepayment feature that results in negative compensation
- ii. apart from the prepayment feature other features of financial assets would have contractual cash flows which would meet the SPPI criteria and
- iii. The fair value of the prepayment feature is insignificant when the entity initially recognises the financial asset. (If it is impracticable to assess based on facts and circumstances that existed on initial recognition, then exception would not be available)

Such financial assets or debt instrument could be measured at amortised cost or at FVOCI based on business model within which they are held.

The amendment has no impact on the financial statements.





# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

Notes to Financial Statements

## Note 7

### Intangible assets

Particulars	Computer - Software	Total
<b>Cost</b>		
As at April 1, 2017	382	382
Additions	-	-
As at March 31, 2018	382	382
Additions	-	-
As at March 31, 2019	382	382
<b>Accumulated Amortisation</b>		
As at April 1, 2017	291	291
Amortisation charge for the year	72	72
As at March 31, 2018	363	363
Amortisation charge for the year	17	17
As at March 31, 2019	380	380
<b>Net Book Value</b>		
As at March 31, 2019	2	2
As at March 31, 2018	19	19

## Note 8

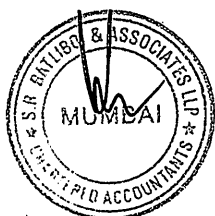
### Investments in Subsidiary

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Investments (Unquoted) at cost</b>		
<b>Investments in Equity Instruments of Subsidiary</b>		
Connect (India) Mobile Technologies Private Limited (‘CIMTPL’) - 149,910,000 fully paid equity shares of ₹ 10 each (March 31, 2018: 149,910,000)	1,499,000	1,499,000
	1,499,000	1,499,000
Impairment of Investment	(1,246,700)	-
<b>Total</b>	<b>252,300</b>	<b>1,499,000</b>

## Note 9

### Other non-current financial assets

Particulars	As at March 31, 2019	As at March 31, 2018
Deposits and balances with government authorities	556	396
Margin Money Deposits	1,352	610
<b>Total</b>	<b>1,908</b>	<b>1,006</b>



# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

## Notes to Financial Statements

### Note 10

#### Other non-current assets

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Amounts paid under protest		
- Considered Good	6,944	6,025
- Considered Doubtful	142	-
Advance income tax		
- Considered Good	29,492	21,657
Input Tax Credit		
- Considered Good	67	67
- Considered Doubtful	14,219	14,219
	<b>50,864</b>	<b>41,968</b>
Allowance for doubtful advances	(14,361)	(14,219)
<b>Total</b>	<b>36,503</b>	<b>27,749</b>

### Note 11

#### Inventories

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Handset & Accessories	39,054	18,960
<b>Total</b>	<b>39,054</b>	<b>18,960</b>

\*Net off provision of ₹ 1,993 (March 31, 2018: ₹ 12,613)

### Note 12

#### Trade receivables (Unsecured, unless otherwise stated)

Particulars	As at	As at
	March 31, 2019	March 31, 2018
<b>Billed Receivables</b>		
Unsecured - Considered Good	30,599	104,978
Unsecured - Considered Doubtful	49,767	58,100
	<b>80,366</b>	<b>163,078</b>
Allowance for doubtful debts	(49,767)	(58,100)
<b>Total</b>	<b>30,599</b>	<b>104,978</b>

### Note 13

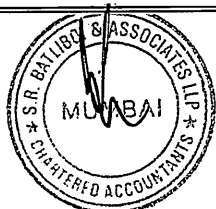
#### Cash and cash equivalents

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Cheques on hand	2	41
Balances with banks		
- In current accounts	53,734	164,481
- In deposit accounts	1,200,000	1,200,000
<b>Total</b>	<b>1,253,736</b>	<b>1,364,522</b>

### Note 14

#### Bank balance other than cash and cash equivalents

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Margin money deposits	2,046	2,583
<b>Total</b>	<b>2,046</b>	<b>2,583</b>



# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

## Notes to Financial Statements

### Note 15

#### Other current financial assets

Particulars	As at	
	March 31, 2019	March 31, 2018
Interest Receivable	7,669	923
Derivative assets at fair value through profit or loss	-	467
<b>Total</b>	<b>7,669</b>	<b>1,390</b>

### Note 16

#### Other current assets

Particulars	As at	
	March 31, 2019	March 31, 2018
Input tax credit	64,124	38,969
Others		
- Considered Good	699	450
- Considered Doubtful	351	445
	1,050	895
Allowance for doubtful advances	(351)	(445)
<b>Total</b>	<b>64,823</b>	<b>39,419</b>

### Note 17

#### Equity Share Capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	Numbers	Amount	Numbers	Amount
<b>Equity Share Capital</b>				
<b>Authorised share capital</b>				
Equity Shares of ₹ 10 each	500,000,000	5,000,000	500,000,000	5,000,000
	<b>500,000,000</b>	<b>5,000,000</b>	<b>500,000,000</b>	<b>5,000,000</b>
<b>Issued, subscribed and paid-up share capital</b>				
Equity Shares of ₹ 10 each fully paid up	405,263,153	4,052,632	405,263,153	4,052,632
	<b>405,263,153</b>	<b>4,052,632</b>	<b>405,263,153</b>	<b>4,052,632</b>

#### a) Reconciliation of number of shares outstanding

Particulars	As at March 31, 2019		As at March 31, 2018	
	Numbers	Amount	Numbers	Amount
Equity shares outstanding at the beginning of the year	405,263,153	4,052,632	405,263,153	4,052,632
Issue of share capital	-	-	-	-
<b>Equity shares outstanding at the end of the year</b>	<b>405,263,153</b>	<b>4,052,632</b>	<b>405,263,153</b>	<b>4,052,632</b>

#### b) Terms/ rights attached to equity shares

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



# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

## Notes to Financial Statements

### c) Details of shareholders holding more than 5% shares in the company

Name of the shareholders	As at March 31, 2019		As at March 31, 2018	
	Numbers	%holding in the class	Numbers	%holding in the class
<b>Equity shares of ₹ 10 each fully paid</b>				
Vodafone Idea Limited, holding company and its nominees (from August 31, 2018)*	405,263,153	100%	-	-
Vodafone India Limited, immediate holding company and its nominees (upto August 30, 2018)			299,999,995	74.03%
Vodafone Mobile Services Limited, fellow subsidiary (upto August 30, 2018)			105,263,158	25.97%

\*Pursuant to amalgamation of Vodafone India Limited and Vodafone Mobile Services Limited with Vodafone Idea Limited from August 31, 2018, the shareholding stands transferred to Vodafone Idea Limited.

### Note 18

#### Other Equity

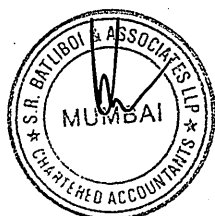
Particulars	As at March 31, 2019	As at March 31, 2018
<b>(i) Securities Premium Account</b>		
Opening balance.	1,820,800	1,820,800
Addition during the year	-	-
<b>Closing balance</b>	<b>1,820,800</b>	<b>1,820,800</b>
<b>(ii) Retained Earnings</b>		
Opening balance	(3,032,303)	(2,951,192)
Net (Loss) for the year	(1,256,991)	(81,111)
<b>Closing balance</b>	<b>(4,289,294)</b>	<b>(3,032,303)</b>
<b>Total</b>	<b>(2,468,494)</b>	<b>(1,211,503)</b>

### Note 19

#### Trade payables

#### Information as per the Requirement of Section 22 of the Micro, Small and Medium Enterprises Development

Particulars	As at March 31, 2019	As at March 31, 2018
a) (i) The principal amount remaining unpaid to any supplier at the end of accounting year included in trade payables	-	57
(ii) The interest due on above	-	-
The total of (i) & (ii)	-	57
b) The amount of interest paid by the buyer in terms of section 16 of the Act	-	-
c) The amount of the payment made to the supplier beyond the appointed day during the accounting year	453	994
d) The amounts of interest accrued and remaining unpaid at the end of financial year	7	12
e) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under this Act.	7	13



# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

Notes to Financial Statements

## Note 20

### Other current financial liabilities

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Derivative liabilities at fair value through profit or loss	-	29
Security deposits from customers and others	70	70
<b>Total</b>	<b>70</b>	<b>99</b>

## Note 21

### Other current liabilities

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Taxes and other liabilities	1,087	5,561
<b>Total</b>	<b>1,087</b>	<b>5,561</b>

## Note 22

### Other operating income

Particulars	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
Liabilities / provisions no longer required written back	32,798	46,418
Exchange gain (net)	2,010	-
<b>Total</b>	<b>34,808</b>	<b>46,418</b>

## Note 23

### Other income

Particulars	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
Interest income	70,576	58,422
<b>Total</b>	<b>70,576</b>	<b>58,422</b>

## Note 24

### Changes in inventories of work in progress, stock in trade and finished goods

Particulars	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
Stock at the end of the year	39,054	18,960
Less: Stock at the beginning of the year	18,960	75,098
<b>(Increase)/Decrease in stocks*</b>	<b>(20,094)</b>	<b>56,138</b>

\*Includes ₹ 1,993 (March 31, 2018: ₹ 12,613) provisioning for non-moving inventory



# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

## Notes to Financial Statements

### Note 25

#### Other expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Insurance	302	548
Infra sharing support charges (including rent)	30,378	31,605
Rates and taxes	372	16,748
Communication expenses	1,457	2,034
Allowances for doubtful debts and advances (refer note 30)	6,530	13,969
Bank charges	99	258
Directors sitting fees (refer note 36)	225	550
Legal and professional charges	2,904	4,994
Audit fees (refer note 32)	500	2,155
Support service charges	13,697	49,737
Miscellaneous expenses	10,925	6,954
<b>Total</b>	<b>67,389</b>	<b>129,552</b>

### Note 26

#### Finance costs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest		
- Others	124	9,463
Exchange loss (net)	-	2,938
<b>Total interest expense</b>	<b>124</b>	<b>12,401</b>
Loss / (gain) on derivatives (including fair value changes on derivatives)	438	(438)
<b>Total</b>	<b>562</b>	<b>11,963</b>

### Note 27

#### Exceptional items

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Impairment of investment in CIMTPL	1,246,700	-
<b>Total</b>	<b>1,246,700</b>	<b>-</b>

### Note 28

#### Contingent Liabilities

Disputed claims not acknowledged as debt:

Sr. No.	Description	As at March 31, 2019	As at March 31, 2018
1	Income Tax Matters [refer note (a) below]	-	101
2	Sales Tax/Value Added Tax/Entry Tax [refer note (b) below]	59,904	41,631
		<b>59,904</b>	<b>41,732</b>
	Less: Demands considered as remote	-	101
	<b>Total</b>	<b>59,904</b>	<b>41,631</b>

#### a) Income Tax matters

Income tax demand under appeal includes matter of erroneous computation of Interest u/s 244A and 234D of the Income Tax Act being contested by the Company. Based on the Company's evaluation and legal advice, it believes that it is not probable that the claim will materialize and therefore, no provisions have been recognised.



## Mobile Commerce Solutions Limited

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(All amounts are in INR thousands, except per share data and unless stated otherwise)

Notes to Financial Statements

### b) Sales Tax / Value Added Tax and Entry Tax

The Company had received demands for non-production of F & C forms for interstate sales as well as received VAT assessment orders. The Company has challenged these demands which are pending at various forums.

During the year, the Company has received demand towards provision of section 52 of Delhi Value Added Tax Act. The Company believes that the demand has been raised without considering the fact the tax on sale of goods received under business transfer has been duly paid as and when such sale has taken place.

#### Demands in relation to Entry Tax

In November 2016 and subsequently in October 2017, the Supreme Court upheld the constitutional validity of Entry tax and levy of the same on imported goods. The Company has assessed the impact on account of these ruling and appropriately considered the same in the financial statements.

Future cash outflows in respect of the above matters are determinable only on receipt of judgments/ decisions from such forums/ authorities. Further, based on the Company's evaluation, it believes that it is not probable that the claim will materialise and therefore, no provision has been recognised for the above.

#### Note 29

##### Details of Foreign Currency Exposures

##### Hedged by a derivative instrument or otherwise

Particulars	As at	As at
	March 31, 2019	March 31, 2018
<b>Trade Payables</b>		
In USD	-	716
In Euro	-	41
Equivalent ₹ of Trade Payables in Foreign Currency*	-	49,757

\*Amount in ₹ represents conversion at closing rate

##### Not hedged by a derivative instrument or otherwise

Particulars	As at	As at
	March 31, 2019	March 31, 2018
<b>Trade Payables</b>		
In Euro	-	40
Equivalent ₹ of Trade Payables in Foreign Currency*	-	3,246

\*Amount in ₹ represents conversion at closing rate

#### Note 30

##### Movement of Allowances for Doubtful Debts/Advances

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Opening Balance	72,864	103,627
Charged to Statement of Profit and Loss (Net) (refer note 25)	6,530	13,969
Other adjustment during the year	(14,915)	(44,732)
<b>Closing Balance</b>	<b>64,479</b>	<b>72,864</b>

#### Note 31

##### Segment Information

As the Company operates in only one business segment and there is no separate reportable segment as per Ind AS – 108 on "Operating segment".



# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

Notes to Financial Statements

## Note 32

### Auditor's Remuneration

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Statutory Audit Fees	500	2,155

## Note 33

### Income Tax Expenses

#### (a) Reconciliation of average effective tax rate and applicable tax rate:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(Loss) before Income tax expense	(1,256,991)	(81,111)
<b>Applicable Tax Rate</b>	29.12%	34.61%
Increase/ reduction in taxes on account of:		
Effect of items for which no deferred tax is recognised	-29.12%	-29.17%
Effects of expenses that are not deductible in determining the taxable losses	0.00%	-5.43%
<b>Effective tax rate</b>	0.00%	0.00%

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unabsorbed depreciation and tax losses can be utilised. Accordingly, in view of uncertainty, the Company has not recognized deferred tax assets in respect of carried forward tax losses / capital losses / temporary differences.

## Note 34

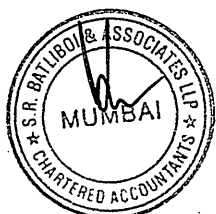
### Movement in Deferred Tax

Particulars	As at April 1, 2017	Recognised in	As at March 31, 2018	Recognised in	As at March 31, 2019
		Profit and Loss		Profit and Loss	
<b>Liabilities</b>					
Depreciation & Amortisation	29	(24)	5	(5)	-
<b>Total (A)</b>	29	(24)	5	(5)	-
<b>Assets</b>					
Provisions for doubtful debts/ advances	29	(24)	5	(5)	-
<b>Total (B)</b>	29	(24)	5	(5)	-
<b>Net Deferred Tax Liabilities/ (assets) (A-B)</b>	-	-	-	-	-
<b>As per Financials:</b>					
Deferred Tax Asset	29		5		-
Deferred Tax Liabilities	29		5		-

## Note 35

### Basic & Diluted Earnings/ (Loss) per Share

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Nominal value of equity shares (₹)	10/-	10/-
Loss after Tax (₹'000)	(1,256,991)	(81,111)
Loss attributable to equity shareholders (₹'000)	(1,256,991)	(81,111)
Weighted average number of equity shares outstanding during the year	405,263,153	405,263,153
<b>Basic and Diluted Loss per Share (₹)</b>	<b>(3.10)</b>	<b>(0.20)</b>





## Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

Notes to Financial Statements

### Note 36

#### Related Party Transactions

The Company has below related parties:

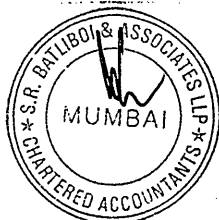
Relationship	Related Party
Holding Company	Vodafone Idea Limited (effective from August 31, 2018)
Ultimate Holding Company	Vodafone Group Plc (ceased from August 30, 2018)
Intermediate Holding Company	Vodafone International Holding B.V. (ceased from August 30, 2018)
	CGP India Investments Limited (ceased from August 30, 2018)
Subsidiary Company	Connect (India) Mobile Technologies Private Limited
Immediate Holding Company	Vodafone India Limited (ceased from August 30, 2018)
Fellow Subsidiaries	Vodafone Group Services Limited (ceased from August 30, 2018)
	Vodafone India Services Private Limited (ceased from August 30, 2018)
	Vodafone India Ventures Limited
	Vodafone Mobile Services Limited (ceased from August 30, 2018)
Key Management Personnel (KMP)	Mrs. Tripti Desai
	Mr. Avneesh Khosla
	Mr. Nitin Chopra (ceased from November 12, 2018)

#### A. Transactions with Related Parties for the year ended March 31, 2019 and March 31, 2018

Particulars	Fellow Subsidiaries	Immediate Holding Company	Holding Company	Subsidiary Company
Sale of trading goods	54,104 (146,477)	19,499 (108,098)	59,863	-
Purchase of services	35,688 (82,145)	1,150 (2,794)	17,356	-
Expense incurred on company's behalf by	-	809	80	-
Loans taken during the year	-	(30,000)	-	-
Loans repaid during the year	-	(30,000)	-	-
Expense incurred on behalf of	-	809	80	-
Interest expenses	-	(13)	-	-
Loans given during the year	-	-	-	(450)
Loans repayment received during the year	-	-	-	(450)
Interest income	-	-	-	(3)

(Figures in bracket are for the year ended March 31, 2018)

B. Mr. Avneesh Khosla, Managing Director, draws NIL remuneration from the company. He is an employee of Vodafone Idea Limited (VIL) and draws remuneration from VIL in the capacity of being an employee of VIL



## Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

Notes to Financial Statements

### C. Balances with Related Parties

Particulars	Fellow Subsidiary	Immediate Holding Company	Holding Company
Trade and other receivables	809 (25,121)	- (9,947)	16,172 -
Trade and other payables	8,298 (16,507)	- (199)	1,068 -

(Figures in bracket are as on March 31, 2018)

### D. Director's Sitting Fees

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Director's Sitting Fees	225	550

### Note 37

#### Financial Instruments

##### (i) Financial Instruments by Category:

The following table provides categorisation of all financial instruments at carrying value:

Particulars	As at March 31, 2019		As at March 31, 2018	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
<b>Financial Assets</b>				
Investment in Subsidiaries	-	252,300	-	1,499,000
Trade Receivables	-	30,599	-	104,978
Cash and cash equivalents	-	1,253,736	-	1,364,522
Bank balance other than cash and cash equivalents	-	2,046	-	2,583
Margin Money Deposits	-	1,352	-	610
Deposit with Body Corporates, Government Authorities and Others	-	556	-	396
Interest receivable	-	7,669	-	923
Derivative Financial Assets	-	-	467	-
<b>Total Financial Assets</b>	-	<b>1,548,258</b>	<b>467</b>	<b>2,973,012</b>

Particulars	As at March 31, 2019		As at March 31, 2018	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
<b>Financial Liabilities</b>				
Trade Payables	-	103,345	-	212,837
Derivative Financial Liabilities	-	-	29	-
Security Deposits from Customers and Others	-	70	-	70
	-	<b>103,415</b>	<b>29</b>	<b>212,907</b>



# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

## Notes to Financial Statements

### (ii) Fair value hierarchy

The Company has classified its financial instruments into three levels in order to provide an indication about the reliability of the inputs used in determining fair values.

#### i. Fair value hierarchy of financial assets and liabilities measured at fair value as at March 31, 2018

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Derivative Financial Assets		467		
<b>Total Financial Assets</b>	-	<b>467</b>	-	-
<b>Financial Liabilities</b>				
Derivative Financial Liabilities		29		
<b>Total Financial Liabilities</b>	-	<b>29</b>	-	-

ii. The carrying amounts of the financial assets and financial liabilities are reasonable approximation of their fair values. Accordingly, the fair values of such financial assets and financial liabilities have not been disclosed separately.

### (iii) Valuation Technique used to determine fair value

The Company enters into derivative financial instruments such as forward contracts with various counterparties. The fair value of such derivatives instruments are determined using forward exchange rates.

### Note 38

#### Financial risk management objectives and policies

The Company's principal financial liabilities comprise trade and other payables and Security deposits from customers and others. The Company's principal financial assets comprise bank balance, Interest Receivable and trade and other receivables. The Company also enters into derivative transactions such as foreign forward exchange contracts as a part of Company's financial risk management policies.

The Company is exposed to various financial risks such as market risk, credit risk and liquidity risk. The Directors of the Company oversees management of these risks and assure that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

#### 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 three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include borrowings

##### a) Interest rate risk

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

##### b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company's foreign currency risks are identified, measured and managed at periodic intervals in accordance with the Company's policies.

When a derivative is entered into for the purpose of hedging any foreign currency exposure, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. The Company has major foreign currency risk in EURO. At March 31, 2019, 0% (March 31, 2018: 6%) of its foreign currency trade payables are hedged. This foreign currency risk is hedged by using foreign currency forward contracts.



# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

## Notes to Financial Statements

### Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency rates, with all other variables held constant. The impact on the Company's profit / (loss) before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

### c) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, and other financial instrument.

#### - Trade receivables

Customer credit risk is managed in accordance with the Company's established policy, procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 0 to 30 days' credit terms. Outstanding customer receivables are regularly monitored.

#### - Other financial assets and cash deposits

Credit risk from balances with banks is managed by the Directors of the Company.

The Company maintains its Cash and cash equivalents with banks and financial institutions having good reputation, good past track record and high quality credit rating and also reviews their credit-worthiness on an on-going basis in close co-ordination with its holding company's Treasury team.

The Company's maximum exposure to credit risk for the components of the balance sheet as at March 31, 2019 and March 31, 2018 on its carrying amounts as disclosed in notes 8, 9 and 12 to 15.

### d) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.

The Company has necessary support from VIL to maintain adequate liquidity (through loans) for settling its liabilities as and when they arise.

### Note 39

#### Capital management

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

The company has Financial liabilities of trade and other payables which are payable within one year. The Company maintains sufficient cash and other liquid financial assets to meet the payment of financial liabilities within the due dates.



# Mobile Commerce Solutions Limited

Separate Financial Statements for the year ended March 31, 2019

(All amounts are in INR thousands, except per share data and unless stated otherwise)

## Notes to Financial Statements

### Note 40

Previous year figures have been regrouped / rearranged wherever necessary to conform to the current year grouping.

As per our report of even date

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration No: 101049W/E300004



**Vineet Kedia**

Partner

Membership No.: 212230

For and on behalf of the Board of Directors of Mobile Commerce Solutions Limited



**Avneesh Khosla**

Managing Director

(DIN: 07775577)



**Rohit Krishna**

Director

(DIN: 07771689)



**Manoj Tibrewala**

Chief Financial Officer



**Hari Gopalakrishnen**

Company Secretary

Place: *Mumbai*

Date: *April 30, 2019*



Place: *Mumbai*

Date: *30-04-2019*



**Form AOC-I**  
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

₹ Thousands

**Part "A": Subsidiaries**

Sr. No.	Particulars	Name of Subsidiary Connect (India) Mobile Technologies Private Limited
1	The date since when subsidiary was acquired	February 24, 2012
2	Reporting period	April - March
3	Reporting currency	INR
4	Equity Share Capital	1,499,100
5	Other Equity	(1,246,918)
6	Total Assets	291,227
7	Total Liabilities	39,045
8	Investments other than investments in Subsidiary	-
9	Turnover (Total Revenue)	18,723
10	Profit/(Loss) before Taxation	11,042
11	Provision for Taxation	3,051
12	Profit/(Loss) after Taxation	7,991
13	Other Comprehensive Income/(Loss)	-
14	Total Comprehensive Income/(Loss)	7,991
15	Proposed Dividend	-
16	% of Shareholding	100%

**Part "B": Associates and Joint Ventures**

Sr. No.	Particulars	Name of Associate Not Applicable
1	Last Audited Balance Sheet Date	N.A.
2	Date on which the Associate or Joint Venture was associated or acquired	N.A.
	Number of Shares held by the Company as on March 31, 2019	N.A.
	Amount of Investment in Joint Venture / Associate	N.A.
	Extent of holding %	N.A.
3	Description of how there is a significant influence	N.A.
4	Reason why the Joint Venture is not consolidated	N.A.
5	Net worth attributable to Shareholding as per latest audited Balance Sheet	N.A.
6	Profit / (Loss) for the year	N.A.
	i. Considered in Consolidation	N.A.
	ii. Not Considered in Consolidation	N.A.
7	Other Comprehensive Income / (Loss) for the year	N.A.
	i. Considered in Consolidation	N.A.
	ii. Not Considered in Consolidation	N.A.
8	Total Comprehensive Income / (Loss) for the year	N.A.
	i. Considered in Consolidation	N.A.
	ii. Not Considered in Consolidation	N.A.

**Notes:**

- There were no subsidiaries which are yet to commence operations.
- There were no subsidiaries which have been liquidated or sold during the year.

For and on behalf of the Board of Directors of Mobile Commerce Solutions Limited

*Avneesh Khosla*  
Avneesh Khosla  
Managing Director  
(DIN: 07775577)

*Bonita Mishra*  
Bonita Mishra  
Director  
(DIN: 07771689)

*Manoj Tibrewala*  
Manoj Tibrewala  
Chief Financial Officer

*Hari Gopalakrishnan*  
Hari Gopalakrishnan  
Company Secretary



Place: Mumbai  
Date: 30-04-2019