

# Walker Chandiook & Co LLP

**Walker Chandiook & Co LLP**  
21st Floor, DLF Square  
Jacaranda Marg, DLF Phase II  
Gurugram 122002  
India

## **Independent Auditor's Report**

**To the Members of Zuari Insurance Brokers Limited**

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## **Report on the Audit of the Financial Statements**

### **Opinion**

1. We have audited the accompanying financial statements of Zuari Insurance Brokers Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### **Basis for opinion**

3. We conducted our audit in accordance with the Standards on Auditing 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 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 ('ICAI') 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 opinion.

### **Information other than the Financial Statements and Auditor's Report thereon**

4. The Company's Board of Directors is responsible for the other information. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Reporting under this section is not applicable as no other information is obtained at the date of this auditor's report.

## **Responsibilities of Management for the Financial Statements**

5. 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 financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing 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 financial statements.
8. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the 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 explaining our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required



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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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
9. 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.
10. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

11. The Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable.
12. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.
13. Further to our comments in Annexure I, as required by section 143(3) of the Act, we report that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the financial statements dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
  - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;
  - f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 04 May 2019 as per Annexure II expressed an unmodified opinion; and
  - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company does not have any pending litigation which would impact its financial position;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;



# Walker Chandiook & Co LLP

- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019; and
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013



**Neeraj Goel**

Partner

Membership No.: 099514



**Place:** Gurugram

**Date:** 4 May 2019

# Walker Chandiook & Co LLP

## Annexure I to the Independent Auditor's Report of even date to the members of Zuari Insurance Brokers Limited, on the financial statements for the year ended 31 March 2019

### Annexure I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
  - (b) The property, plant and equipment have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the property, plant and equipment is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) The Company does not hold any immovable property (in the nature of 'property, plant and equipment'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) The Company does not have any inventory covered by Ind-AS 2. Accordingly, the provisions of clause 3(ii) of the Order are not applicable to the Company.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, 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 and rule framed thereunder. Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
  - (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.

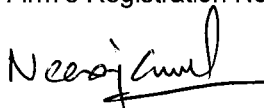


# Walker Chandiook & Co LLP

## Annexure I to the Independent Auditor's Report of even date to the members of Zuari Insurance Brokers Limited on the financial statements for the year ended 31 March 2019 (cont'd)

- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable Ind AS. Further, in our opinion, the company is not required to constitute audit committee under Section 177 of the Act.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013



**Neeraj Goel**  
Partner  
Membership No.: 099514



**Place:** Gurugram  
**Date:** 4 May 2019

Annexure II to the Independent Auditor's Report of even date to the members of Zuari Insurance Brokers Limited on the financial statements for the year ended 31 March 2019

## Annexure II

### Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act').

1. In conjunction with our audit of the financial statements of the Company as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

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

2. The Company's Board of Directors 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 ('the Guidance Note') issued by Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's 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 Act.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Guidance Note and Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

#### Meaning of Internal Financial Controls over Financial Reporting

6. A Company's IFCoFR 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 IFCoFR include 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.



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Annexure II to the Independent Auditor's Report of even date to the members of Zuari Insurance Brokers Limited on the financial statements for the year ended 31 March 2019 (cont'd)

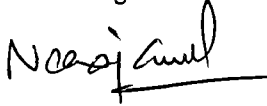
## Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013



**Neeraj Goel**  
Partner  
Membership No. 099514



**Place:** Gurugram  
**Date:** 4 May 2019

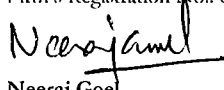


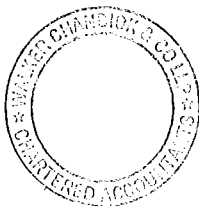
Particulars	Notes	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	4	2,79,498	1,37,868
(b) Other intangible assets	5	1	1
(c) Financial assets			
(i) Investments	6	42,79,158	36,57,842
(ii) Loans	7	6,42,095	6,14,052
(iii) Other financial assets	8	39,55,301	36,28,592
(d) Deferred tax assets (net)	20	5,50,516	9,94,343
(e) Non-current tax assets (net)	9	40,76,976	57,97,885
(f) Other non-current assets	10	1,01,95,888	1,09,74,140
		<u>2,39,79,433</u>	<u>2,58,04,723</u>
<b>Current assets</b>			
(a) Financial assets			
(i) Trade receivables	11	32,43,130	23,63,060
(ii) Cash and cash equivalents	12	19,34,927	22,57,809
(iii) Other bank balances	13	1,30,00,000	80,00,000
(iv) Other financial assets	14	61,77,811	17,62,990
(b) Other current assets	10	14,13,271	12,31,962
		<u>2,57,69,139</u>	<u>1,56,15,821</u>
	<b>TOTAL</b>	<u><u>4,97,48,572</u></u>	<u><u>4,14,20,544</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	15	2,75,00,000	2,75,00,000
(b) Other equity	16	1,77,92,883	1,12,35,306
		<u>4,52,92,883</u>	<u>3,87,35,306</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions	17	9,67,582	7,25,553
		<u>9,67,582</u>	<u>7,25,553</u>
<b>Current liabilities</b>			
(a) Financial liabilities			
Trade payables	18	-	-
- Total outstanding due of micro enterprises and small enterprises		-	-
- Total outstanding due of creditors other than micro enterprises and small enterprises		32,92,034	13,46,806
(b) Other current liabilities	19	1,70,870	5,93,719
(c) Provisions	17	25,203	19,160
		<u>34,88,107</u>	<u>19,59,685</u>
	<b>TOTAL</b>	<u><u>4,97,48,572</u></u>	<u><u>4,14,20,544</u></u>

\*The Company has initially applied Ind AS 115, Revenue from contracts with customers, using the "Cumulative Effect Method". Under this method, the comparative information is not restated. See note 36.


The accompanied notes form an integral part of the financial statements

As per our report of even date.

For Walker Chandniok & Co LLP  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013  
  
Neeraj Goel  
Partner  
Membership No. 099514



For and on behalf of the Board of Directors of  
Zuari Insurance Brokers Limited

  
R. S. Raghavan  
Director  
(DIN-00362555)

  
Vijay Kathuria  
Director  
(DIN-00338125)

Place: Gurugram  
Date: 4 May 2019

Particulars	Notes	Year ended 31 March 2019	Year ended 31 March 2018
<b>Income</b>			
Revenue from operations	21	2,79,52,598	2,44,36,434
Other income	22	22,89,269	15,98,596
<b>Total income</b>		<b>3,02,41,867</b>	<b>2,60,35,030</b>
<b>Expenses</b>			
Employee benefits expense	23	1,12,57,295	1,09,60,188
Depreciation and amortisation expense	24	1,26,539	1,14,423
Other expenses	25	1,00,23,159	1,04,52,627
<b>Total expenses</b>		<b>2,14,06,993</b>	<b>2,15,27,238</b>
<b>Profit before tax</b>		<b>88,34,874</b>	<b>45,07,792</b>
<b>Tax expense:</b>	20		
Current tax		23,37,235	11,83,710
Deferred tax charge/(credit)		(40,278)	70,082
		<b>22,96,957</b>	<b>12,53,792</b>
<b>Profit for the year</b>		<b>65,37,917</b>	<b>32,54,000</b>
<b>Other comprehensive income (OCI)</b>			
Items that will not be reclassified to profit or loss			
Re-measurement losses on defined benefit plans		26,567	(8,566)
Income tax effects on above		(6,907)	2,227
<b>Other comprehensive income/(loss) for the year</b>		<b>19,660</b>	<b>(6,339)</b>
<b>Total comprehensive income for the year</b>		<b>65,57,577</b>	<b>32,47,661</b>
<b>Earnings per equity share:</b>			
(1) Basic	27	2.38	1.18
(2) Diluted	27	2.38	1.18

\*The Company has initially applied Ind AS 115, Revenue from contracts with customers, using the "Cumulative Effect Method". Under this method, the comparative information is not restated. See note 36.

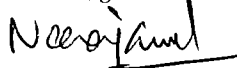
The accompanied notes form an integral part of the financial statements

As per our report of even date.

For Walker Chandiok & Co LLP

Chartered Accountants

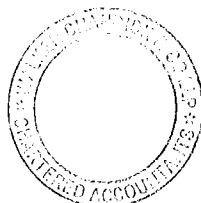
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Neeraj Goel

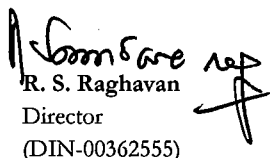
Partner

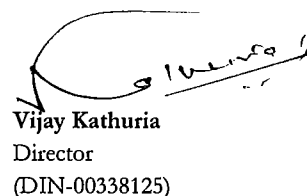
Membership No. 099514



For and on behalf of the Board of Directors of

Zuari Insurance Brokers Limited

  
R. S. Raghavan  
Director  
(DIN-00362555)

  
Vijay Kathuria  
Director  
(DIN-00338125)

Place: Gurugram

Date: 4 May 2019

Particulars	As at 31 March 2019	As at 31 March 2018
<b>A Cash flow from operating activities</b>		
Profit before tax	88,34,874	45,07,792
Adjustments for:		
Depreciation and amortisation expense	1,26,539	1,14,423
Interest income	(16,14,993)	(10,36,630)
Bad debts	1,95,637	6,04,932
Gain arising on measuring NCRPS at fair value through profit and loss	(6,21,316)	(5,31,103)
Amortisation of deferred losses on NCRPS	6,21,316	5,31,103
Profit on sale of property, plant and equipment	(30,400)	(500)
<b>Operating profit before working capital changes</b>	<b>75,11,657</b>	<b>41,90,017</b>
<b>Adjustment for changes in working capital</b>		
-trade receivables	(10,75,705)	(21,46,912)
-other assets	(40,65,318)	35,26,575
-trade and other payables	17,97,017	13,00,281
<b>Cash generated from operations</b>	<b>41,67,651</b>	<b>68,69,961</b>
Income taxes paid (net)	(6,16,326)	(39,80,160)
<b>Net cash generated from operating activities</b>	<b>35,51,325</b>	<b>28,89,801</b>
<b>B Cash flow from investing activities</b>		
Interest received	13,63,563	6,06,134
Proceeds from sale of property, plant and equipment	30,400	500
Payments for acquisition of property, plant and equipment	(2,68,170)	(92,747)
Proceeds from maturity of fixed deposits	80,00,000	50,00,000
Investment in fixed deposits	(1,30,00,000)	(80,00,000)
<b>Net cash flow generated from investing activities</b>	<b>(38,74,207)</b>	<b>(24,86,113)</b>
<b>C Cash flow from financial activities</b>		
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(3,22,882)</b>	<b>4,03,688</b>
Cash and cash equivalents as at the beginning of the year	22,57,809	18,54,121
<b>Cash and cash equivalents as at the end of the year</b>	<b>19,34,927</b>	<b>22,57,809</b>
<b>Reconciliation of cash and cash equivalents*</b>		
Cash and cash equivalents as per above comprising of the following:	<b>As at</b>	<b>As at</b>
	<b>31 March 2019</b>	<b>31 March 2018</b>
Cash and cash equivalents	19,34,927	22,57,809
<b>Balance as per statement of cash flows (as per above)</b>	<b>19,34,927</b>	<b>22,57,809</b>

\*Refer note 12 for break up of cash and cash equivalents.

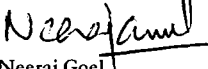
**Notes:**

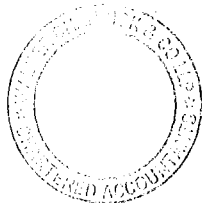
- The above cash flow statement has been prepared under the "Indirect Method" as per Indian Accounting Standard (Ind AS) 7.
- Figures in brackets indicate cash outflow and without brackets indicate cash inflow.

\*The Company has initially applied Ind AS 115, Revenue from contracts with customers, using the "Cumulative Effect Method". Under this method, the comparative information is not restated. See note 36.

As per our report of even date.

For Walker Chandniok & Co LLP  
Chartered Accountants  
Firm's Registration No. 001076N/N500013

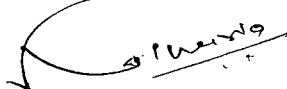
  
Neeraj Goel  
Partner  
Membership No. 099514



Place: Gurugram  
Date: 4 May 2019

For and on behalf of the Board of Directors of  
Zuari Insurance Brokers Limited

  
R. S. Raghavan  
Director  
(DIN-00362555)

  
Vijay Kathuria  
Director  
(DIN-00338125)

(a) Equity share capital

Equity shares of INR 10/- each issued, subscribed and fully paid	Number of shares	Amount
As at 31 March 2018	27,50,000	2,75,00,000
As at 31 March 2019	27,50,000	2,75,00,000

(b) Other equity

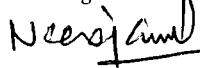
For the year ended 31 March 2019	Surplus in the Statement of Profit and Loss
As at 1 April 2018	1,12,35,306
Profit for the year	65,37,917
Other comprehensive income	19,660
<b>Total comprehensive income for the year</b>	<b>65,57,577</b>
As at 31 March 2019	<b>1,77,92,883</b>
For the year ended 31 March 2018	(Deficit)/surplus in the Statement of Profit and Loss
As at 1 April 2017	79,87,645
Profit for the year	32,54,000
Other comprehensive loss	(6,339)
<b>Total comprehensive income for the year</b>	<b>32,47,661</b>
As at 31 March 2018	<b>1,12,35,306</b>

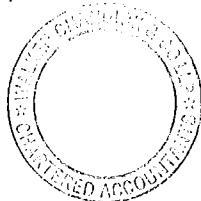
\*The Company has initially applied Ind AS 115, Revenue from contracts with customers, using the "Cumulative Effect Method". Under this method, the comparative information is not restated. See note 36.

The accompanied notes form an integral part of the financial statements

As per our report of even date.


For Walker Chandiok & Co LLP  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

  
Neeraj Goel  
Partner  
Membership No. 099514



Place: Gurugram  
Date: 4 May 2019

For and on behalf of the Board of Directors of  
Zuari Insurance Brokers Limited

  
R. S. Raghavan  
Director  
(DIN-00362555)

  
Vijay Kathuria  
Director  
(DIN-00338125)

## Zuari Insurance Brokers Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

#### 1. Corporate information

Zuari Insurance Brokers Limited (the "Company") is a public Company domiciled in India an incorporated under the provisions of the Companies Act, 1956. The Company is licensed by Insurance Regulatory Development Authority to act as direct broker for life and non-life Insurance. The Company's principal place of business is Plot No. 2, Zamrudpur Community Centre, Kailash Colony Extension, New Delhi-110048.

#### 2. Application of Indian Accounting Standards

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorized (refer note 40) have been considered while preparing these financial statements.

##### Standards/Amendments to standards issued but not effective

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Second Amendment Rules, 2019 (Amendment Rules) via notification dated 30 March 2019, notifying amendments to various Ind AS (not applicable to the Company). These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) along with International Financial Reporting Standards (IFRS) Interpretations Committee to IRFS as a part of annual improvement process. Also, along with these amendments, Amendment Rules inserted a new lease standard Ind AS 116, Leases. These amendments are applicable from 01 April 2019 onwards.

**Ind AS 116:** Ind AS 116 requires lessees to recognize a "right to asset" and "a lease liability" for almost all of the leasing arrangements. Optional exemption is available in respect of short term leases and low value leases.

The application of the same will withdraw currently applicable lease standard. The Company is currently assessing the potential impacts of the newly notified standard. The same is applicable from reporting periods beginning on or after 1 April 2019.

#### 3. Significant accounting policies

##### a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended time to time) notified under section 133 of the Companies Act, 2013 (the "Act").

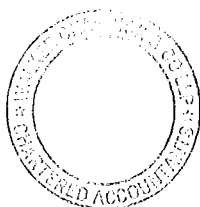
The financial statements of the Company have been prepared on a historical cost basis, except for certain financial assets measured at fair value or net realizable value as applicable.

##### b) Newly effective standard adopted by the Company (recent accounting pronouncement)

The newly effective Ind AS 115 "Revenue from Contracts with Customers" requires to recognize revenue when customer has transferred control of goods or service rather than transfer of risks and rewards. Refer note 36 for further details.

##### c) Current versus non-current classification

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



## Zuari Insurance Brokers Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

An **asset** is treated as current when it is:

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

A **liability** is current when:

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

The Company classifies all other liabilities as non-current.

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

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

#### d) Revenue recognition

The Company has applied Ind AS 115 "Revenue from Contracts with Customers" using the **cumulative effect method** and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 "Revenue".

The details of accounting policies under Ind AS 18 are disclosed separately if they are different from those under Ind AS 18 and the impact of changes, if any is disclosed in note 36.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties, if any. The Company recognizes revenue when it transfers control over a product or service to a customer.

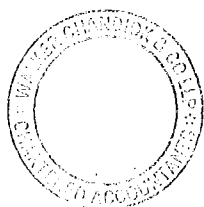
To determine whether to recognize revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

#### Identifying the performance obligations

Under Ind AS 115, the Company must evaluate the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- the customer benefits from the item either on its own or together with other readily available resources, and



- it is 'separately identifiable' (i.e. the Company does not provide a significant service integrating, modifying or customizing it).

#### **Determining the transaction price**

Under Ind AS 115, the Company shall consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price excludes amounts collected on behalf of third parties. The consideration promised include fixed amounts, variable amounts, or both.

#### **Allocating the transaction price to the performance obligations**

The transaction price is allocated to the separately identifiable performance obligations on the basis of their standalone selling price. For services that are not provided separately, the standalone selling price is estimated using adjusted market assessment approach.

#### **Recognising revenue when/as performance obligation(s) are satisfied.**

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

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

In the comparative period presented in financial statements, revenue was measured at the fair value of the consideration received or receivable. Revenue from the sale of goods was recognised when the significant risks and rewards of ownership had been transferred to the customer, recovery of the consideration was probable, there was no continuing management involvement with the goods and the amount of revenue could be measured reliably. The company recognizes revenue from the following major sources: -

#### **Rendering of services:**

Revenue from brokering services is recognised when the Company satisfies its performance obligations by rendering services to customers. These services are consumed simultaneously by the customers.

#### **Interest income:**

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). Refer note k for the same.

#### **e) Taxes**

Income tax comprises of current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that is related to an item recognised directly in equity or other comprehensive income.

#### **Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which



applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### **Deferred tax**

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

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

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

#### **f) Borrowing costs**

General and specific borrowing costs directly attributed to the acquisition, construction or production of a qualifying asset are capitalised upto the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

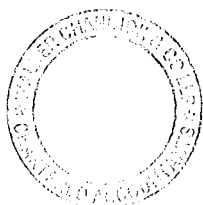
#### **g) Property, plant and equipment**

All the items of the property, plant and equipment are stated as per cost model i.e. cost of acquisition less accumulated depreciation and impairment. All significant costs incidental to the acquisition of assets are capitalized.

#### **Recognition:**

The costs including subsequent costs of an item of property, plant and equipment is recognised as an asset if, and only if:

- it is probable that future economic benefits associated with the item will flow to the entity; and





## Zuari Insurance Brokers Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

- the cost of the item can be measured reliably.

All other expenses including day to day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss in the year when such expenses are incurred.

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

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

#### Depreciation, estimated useful life and residual life

Depreciation is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives: -

Particulars	Life (years)
Leasehold improvements	10
Office equipment	05

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

#### h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization impairment losses, if any.

#### Recognition:

The cost of intangible asset is recognised as an asset if, and only if:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Intangibles representing computer software are amortized using the straight line method over their estimated useful lives of three years.

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each financial year end and adjusted prospectively, if appropriate treating them as changes in accounting estimates. The maintenance expenses on intangible assets with finite lives is recognised in the statement of profit and loss, unless such expenditure forms part of carrying value of an asset and satisfies recognition criteria.



Gains/(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 or loss when the asset is derecognised.

Assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**i) Impairment of tangible and intangible assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets of a "Cash Generating Unit" (CGU) to determine whether there is any indication that those assets have suffered an impairment loss. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 for which the estimates of future cash flows have not been adjusted.

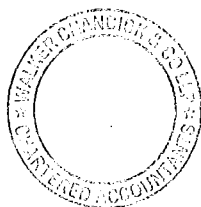
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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. The increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

**j) Leases**

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

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit. Initial direct costs incurred specifically for an operating lease are deferred and charged to the statement of profit and loss over the lease term.



**k) Post-employment and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no statutory nor contractual obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

**Gratuity liability** being a defined benefit obligation is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year. The gratuity plan of the Company has been funded by policy taken from Life Insurance Corporation of India. Actuarial gains and losses for defined benefit plan are recognized in full in the year in which they occur in the statement of profit and loss.

Measurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Actuarial gains/losses are not reclassified to profit or loss in subsequent periods.

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

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

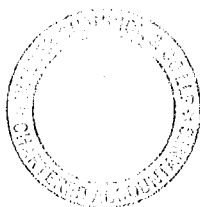
Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

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

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the entire leave as current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

**l) Financial instruments**



Financial assets and financial liabilities are recognized when Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value using best estimates. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) 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 at fair value through profit or loss are recognised immediately in the statement the profit and loss.

**Financial assets:**

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.

**Amortised cost**

A financial asset shall be measured at amortised cost using effective interest rates if both of the following conditions are met:

- financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

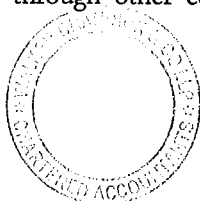
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**Financial assets at fair value through profit and loss (FVTPL)**

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements may apply. Assets in this category are measured at fair value with gains or losses recognized in the statement of profit and loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

**Financial assets at fair value through other comprehensive income (FVTOCI)**

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not



## Zuari Insurance Brokers Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

reclassified to the statement of profit and loss on disposal of the investments. The Company has irrevocably adopted to value its equity investments through FVTOCI.

Dividends on these investments in equity instruments are recognised in the statement of profit and loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in the Statement of Profit and Loss are included in the 'Other income' line item.

#### **Impairment of financial assets**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortized cost and financial asset designated as at FVTOCI.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses using the simplified approach permitted under Ind AS 109.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss 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 Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

#### **Financial liabilities:**

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

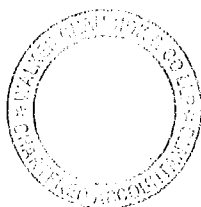
#### **Loans and borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in statement of profit and loss when liabilities are derecognised. 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 cost in the statement of profit and loss.

#### **Derecognition of financial instruments**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

#### **Fair value of financial instruments**



In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realisation on future date.

**m) Earnings per share**

Basic Earnings per Share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted number of equity shares outstanding during the year.

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

**n) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs. Unallocated items include general corporate income and expense items which are not allocated to any business segment. The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

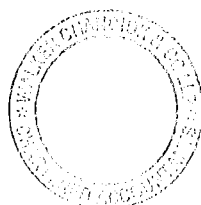
**o) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**p) Provisions, contingent liabilities and contingent assets**

**Provisions**

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognized for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material. Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.



### **Contingent liabilities**

In those cases, where the possible outflow of economic resources as a result of present obligations is considered not probable or where the amount of the obligation cannot be determined reliably, no liability is recognized.

### **Contingent assets**

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

### **q) Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures.

### **Significant management judgements**

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

**Recognition of deferred tax assets** – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

**Classification of leases** – The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset. The Company has also factored in overall time period of rent agreements to arrive at lease period to recognise rental income on straight line basis.

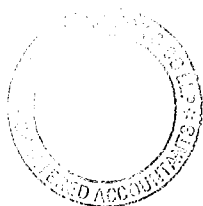
**Contingent liabilities** – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding warranties and guarantees. However the actual future outcome may be different from this judgement.

### **Significant estimates**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be different.

**Impairment of financial assets** – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

**Fair value measurements** – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

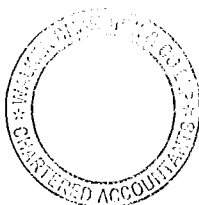


## 4 Property, plant and equipment

	Office equipments	Leasehold improvements	Total
<i>Year ended 31 March 2018</i>			
<b>Gross carrying amount</b>			
Balance as at 01 April 2017	7,39,913	1,82,632	9,22,545
Additions	92,747	-	92,747
Disposals	21,000	-	21,000
<b>Balance as at 31 March 2018</b>	<b>8,11,660</b>	<b>1,82,632</b>	<b>9,94,292</b>
<b>Accumulated depreciation</b>			
Balance as at 01 April 2017	5,83,087	1,82,632	7,65,719
Depreciation charge during the year	1,11,705	-	1,11,705
Disposals	21,000	-	21,000
<b>Balance as at 31 March 2018</b>	<b>6,73,792</b>	<b>1,82,632</b>	<b>8,56,424</b>
<b>Net carrying amount</b>	<b>1,37,868</b>	<b>-</b>	<b>1,37,868</b>
<i>Year ended 31 March 2019</i>			
<b>Gross carrying amount</b>			
Balance as at 01 April 2018	8,11,660	1,82,632	9,94,292
Additions	2,68,170	-	2,68,170
Disposals	1,20,000	-	1,20,000
<b>Balance as at 31 March 2019</b>	<b>9,59,830</b>	<b>1,82,632</b>	<b>11,42,462</b>
<b>Accumulated depreciation</b>			
Balance as at 01 April 2018	6,73,792	1,82,632	8,56,424
Depreciation charge during the year	1,39,053	-	1,39,053
Disposals	1,32,513	-	1,32,513
<b>Balance as at 31 March 2019</b>	<b>6,80,332</b>	<b>1,82,632</b>	<b>8,62,964</b>
<b>Net carrying amount</b>	<b>2,79,498</b>	<b>-</b>	<b>2,79,498</b>

## 5 Other intangible assets

	Softwares
<i>Year ended 31 March 2018</i>	
<b>Gross carrying amount</b>	
Balance as at 01 April 2017	2,33,130
Additions	-
<b>Balance as at 31 March 2018</b>	<b>2,33,130</b>
<b>Accumulated amortisation</b>	
Balance as at 01 April 2017	2,30,411
Amortisation during the year	2,718
<b>Balance as at 31 March 2018</b>	<b>2,33,129</b>
<b>Net carrying amount</b>	<b>1</b>
<i>Year ended 31 March 2019</i>	
<b>Gross carrying amount</b>	
Balance as at 01 April 2018	2,33,130
Additions	-
<b>Balance as at 31 March 2019</b>	<b>2,33,130</b>
<b>Accumulated amortisation</b>	
Balance as at 01 April 2018	2,33,129
Amortisation during the year	-
<b>Balance as at 31 March 2019</b>	<b>2,33,129</b>
<b>Net carrying amount</b>	<b>1</b>





## 6 Financial assets

		As at 31 March 2019	As at 31 March 2018
<b>Investment in preference shares (fully paid up, unquoted)</b>	<i>Number of shares</i>		
<i>Measured at fair value through profit and loss</i>			
Gobind Sugar Mills Limited (GSML)			
7% Non convertible redeemable preference shares (NCRPS), Series-X redeemable in one single lot after expiry of the 12th year from the date of allotment i.e. 14 January 2015 (of INR 10/- each NCRPS)	7,50,000	22,23,452	19,00,616
7% Non convertible redeemable preference shares (NCRPS), Series-XV redeemable in one single lot after expiry of the 12th year from the date of allotment i.e. 06 July 2015 (of INR 10/- each NCRPS)	7,50,000	20,55,706	17,57,226
<b>Total</b>		<b>42,79,158</b>	<b>36,57,842</b>

## 7 Loans

		As at 31 March 2019	As at 31 March 2018
<i>Measured at amortised cost</i>			
Security deposits (unsecured, considered good)		6,42,095	6,14,052
<b>Total</b>		<b>6,42,095</b>	<b>6,14,052</b>

## 8 Other financial assets

		As at 31 March 2019	As at 31 March 2018
<i>Measured at amortised cost</i>			
Interest accrued on deposits		17,55,301	14,28,592
Balances with banks - in deposit accounts (maturing after period of 12 months) *		22,00,000	22,00,000
<b>Total</b>		<b>39,55,301</b>	<b>36,28,592</b>

\* The deposit is lien with Insurance Regulatory and Development Authority of India for meeting minimum base capital requirement prescribed under Regulation 23 of Insurance Regulatory and Development Authority of India (Insurance Brokers) Regulations, 2017 (earlier Regulation 12 of Insurance Regulatory and Development Authority of India (Insurance Brokers) Regulations, 2013).

## 9 Non current tax assets (net)

	As at 31 March 2019	As at 31 March 2018
Income taxes paid (net of provisions)	40,76,976	57,97,885
<b>Total</b>	<b>40,76,976</b>	<b>57,97,885</b>

## 10 Other assets

	Non-current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
(Unsecured, considered good)				
Prepaid expenses	2,52,597	2,53,298	-	25,695
Deferred loss on investment in 7% NCRPS of GSML	99,43,291	1,07,20,842	7,77,551	6,21,316
Balances with revenue authorities	-	-	6,35,720	5,84,951
<b>Total</b>	<b>1,01,95,888</b>	<b>1,09,74,140</b>	<b>14,13,271</b>	<b>12,31,962</b>



## 11 Trade receivables

	As at 31 March 2019	As at 31 March 2018
<i>Measured at amortised cost</i>		
Unsecured, considered good	32,43,130	23,63,060
<b>Total</b>	<b>32,43,130</b>	<b>23,63,060</b>

## 12 Cash and cash equivalents

	As at 31 March 2019	As at 31 March 2018
Balances with banks		
- in current accounts	18,69,884	22,14,545
Cash in hand	65,043	43,264
<b>Total</b>	<b>19,34,927</b>	<b>22,57,809</b>

## 13 Other bank balances

	As at 31 March 2019	As at 31 March 2018
<i>Measured at amortised cost</i>		
Deposits with original maturity more than 3 months but less than 12 months	1,30,00,000	80,00,000
<b>Total</b>	<b>1,30,00,000</b>	<b>80,00,000</b>

## 14 Other financial assets (current)

	As at 31 March 2019	As at 31 March 2018
<i>Measured at amortised cost</i>		
Interest accrued on deposits	92,945	1,68,224
Unbilled revenues	60,84,866	15,94,766
<b>Total</b>	<b>61,77,811</b>	<b>17,62,990</b>



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## 15 Share capital

	As at 31 March 2019	As at 31 March 2018
<b>Authorised:</b>		
3,000,000 (31 March 2018: 3,000,000) Equity shares of INR 10/- each	3,00,00,000	3,00,00,000
<b>Issued shares :</b>		
2,750,000 (31 March 2018: 2,750,000) Equity shares of INR 10/- each	2,75,00,000	2,75,00,000
<b>Subscribed and fully paid-up shares :</b>		
2,750,000 (31 March 2018: 2,750,000) Equity shares of INR 10/- each	2,75,00,000	2,75,00,000
<b>Total</b>	<b>2,75,00,000</b>	<b>2,75,00,000</b>

## (a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
Outstanding at the beginning and end of the year	27,50,000	2,75,00,000	27,50,000	2,75,00,000

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

The Company has only one class of equity shares having par value of INR10/- per share. Each holder of equity shares is entitled to one vote per share.

## (c) Shares held by holding company

	As at 31 March 2019	As at 31 March 2018
Zuari Finserv Limited (formerly known as Zuari Finserv Private Limited)	27,50,000	27,50,000.00

## (d) Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	% holding	Number of shares	% holding
Zuari Finserv Limited (formerly known as Zuari Finserv Private Limited)	27,50,000	100	27,50,000	100

As per the records of the Company including its register of shareholders/members, the above shareholding represents legal ownerships of shares.



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## 16 Other equity

	As at 31 March 2019	As at 31 March 2018
<b>Surplus in the Statement of Profit and Loss</b>		
Opening balance	1,12,35,306	79,87,645
Net profit for the year	65,37,917	32,54,000
Other comprehensive income/(loss)	19,660	(6,339)
<b>Closing balance</b>	<b>1,77,92,883</b>	<b>1,12,35,306</b>

## 17 Provisions

	Non-current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Provision for gratuity (refer note 32)	4,65,014	3,72,709	7,688	4,706
Provision for compensated absences (refer note 32)	5,02,568	3,52,844	17,515	14,454
<b>Total</b>	<b>9,67,582</b>	<b>7,25,553</b>	<b>25,203</b>	<b>19,160</b>

## 18 Trade payables

	As at 31 March 2019	As at 31 March 2018
<i>Measured at amortised cost</i>		
Total outstanding due of micro enterprises and small enterprises	-	-
Total outstanding due of creditors other than micro enterprises and small enterprises	32,92,034	13,46,806
<b>Total</b>	<b>32,92,034</b>	<b>13,46,806</b>

Note: Refer note 34 for further details.

## 19 Other current liabilities

	As at 31 March 2019	As at 31 March 2018
Statutory dues	1,70,870	5,93,719
<b>Total</b>	<b>1,70,870</b>	<b>5,93,719</b>



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## 20 Income tax expense

		As at 31 March 2019	As at 31 March 2018
Accounting profit		88,34,874	45,07,792
Applicable tax rates (refer note below)		26.00%	26.00%
Expected tax expense		22,96,957	11,72,026
Deferred tax adjustments for earlier years		-	(14,464)
Impact of changes in tax rates		-	96,230
<b>Actual tax expense</b>	<b>Total</b>	<b>22,96,957</b>	<b>12,53,792</b>
Tax expense comprises			
Current tax expense		23,37,235	11,83,710
Deferred tax charge/(credit)		(40,278)	70,082
	<b>Total</b>	<b>22,96,957</b>	<b>12,53,792</b>

**Note:**

As per Finance Act, 2019, for the year ended 31 March 2019, the income tax rates for domestic companies whose turnover has not exceeded INR 250 crores in year ended 31 March 2017, the applicable rate of income tax shall be 25%. Cesses are considered separately as applicable.

**Deferred tax assets:**

	As at 31 March 2017	(Charged)/Credited to Profit or Loss	OCI	As at 31 March 2018	(Charged)/Credited to Profit or Loss	OCI	As at 31 March 2019
<b>Deferred tax liability:</b>							
<b>Total (A)</b>	-	-	-	-	-	-	-
<b>Deferred tax assets:</b>							
Expenses allowable as per income tax laws on payment basis	1,93,000	13,392	2,227	2,08,619	71,665	(6,907)	2,73,377
Difference in carrying values of property, plant and equipment per Companies Act and Income tax act	3,92,000	(83,474)	-	3,08,526	(31,387)	-	2,77,139
Unused tax credits (MAT credits)	17,07,989	(12,30,791)	-	4,77,198	(4,77,198)	-	-
<b>Total (B)</b>	<b>22,92,989</b>	<b>(13,00,873)</b>	<b>2,227</b>	<b>9,94,343</b>	<b>(4,36,920)</b>	<b>(6,907)</b>	<b>5,50,516</b>
<b>Deferred tax asset/(liability) (B - A)</b>	<b>22,92,989</b>	<b>(13,00,873)</b>	<b>2,227</b>	<b>9,94,343</b>	<b>(4,36,920)</b>	<b>(6,907)</b>	<b>5,50,516</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.



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## 21 Revenue from operations

	Year ended 31 March 2019	Year ended 31 March 2018
Brokerage income	2,79,52,598	2,44,36,434
<b>Total</b>	<b>2,79,52,598</b>	<b>2,44,36,434</b>

## Note:

The management of the Company believes disaggregation of revenue from operations is not required in accordance with Ind AS 115 "Revenue from contracts with customers". Therefore, disaggregated revenue from operations is not presented. Refer note 36 for further details.

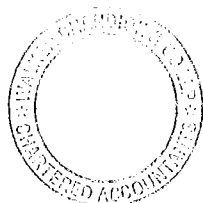
## 22 Other income

	Year ended 31 March 2019	Year ended 31 March 2018
Interest income from:		
Bank deposits	10,46,611	9,06,676
Income tax refund	5,40,840	-
Security deposits	27,542	1,29,954
Notice period recoveries	-	4,194
Profit on sale of property, plant and equipment	30,400	500
Excess provisions written back	15,136	-
Gain on fair value measurement of financial assets	6,21,316	5,31,103
Miscellaneous incomes	7,424	26,169
<b>Total</b>	<b>22,89,269</b>	<b>15,98,596</b>

## 23 Employee benefits expense

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	1,07,63,478	1,05,96,367
Contribution to provident fund	2,96,883	2,88,786
Staff welfare expenses	1,96,934	75,035
<b>Total</b>	<b>1,12,57,295</b>	<b>1,09,60,188</b>

Disclosure in compliance with Ind AS - 19 on "Employee Benefits" are given in note 32.



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## 24 Depreciation and amortisation expense

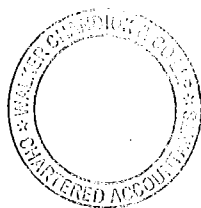
	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation of property, plant and equipment	1,26,539	1,11,707
Amortisation of intangible assets	-	2,716
<b>Total</b>	<b>1,26,539</b>	<b>1,14,423</b>

## 25 Other expenses

	Year ended 31 March 2019	Year ended 31 March 2018
Rent	23,40,195	24,31,077
Communication	2,83,788	2,98,999
Printing and stationery	25,290	32,766
Fees and subscription	2,84,828	1,37,911
Travelling and conveyance	4,19,527	5,54,741
Insurance	3,46,939	4,31,240
Repair and maintenance		
- Computers	1,82,653	1,84,273
- Office buildings	12,39,723	8,73,781
Amortisation of deferred loss	6,21,316	5,31,103
Business support services	32,85,566	33,79,990
Legal and professional	4,52,650	7,20,729
Auditors remuneration*	2,33,000	2,00,000
Bad debts written off	1,95,637	6,04,932
Commission	26,157	-
Miscellaneous	85,890	71,085
<b>Total</b>	<b>1,00,23,159</b>	<b>1,04,52,627</b>

## \*Auditors remuneration (excluding goods and service tax)

Audit fee	1,50,000	1,50,000
Tax audit fee	50,000	50,000
Certification fees	30,000	-
Reimbursement of expenses	3,000	-
<b>Total</b>	<b>2,33,000</b>	<b>2,00,000</b>



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**26 Commitments and contingencies****Leases****Operating lease -**

The Company has taken office premise on operating leases for a period of 1 year. The agreement is further renewable at the option of the Company. There is escalation clause in the respective lease agreements. All these leases are cancellable in nature.

Lease rentals charged to the statement of profit and loss and maximum obligations on long term non-cancellable operating leases payable as per the rentals stated in the respective lease agreements.

	Year ended 31 March 2019	Year ended 31 March 2018
Lease rentals recognized during the year	23,40,195	24,31,077
Lease obligations		
Within one year	23,40,195	20,25,898
Later than one year but not later than five years	-	-
Later than five years	-	-

Claims against the company, not acknowledged as debts - INR Nil (Previous year - Nil).

**27 Earnings per share (EPS)**

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

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

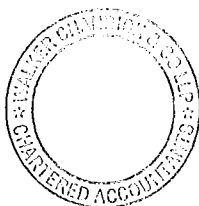
Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Profit attributable to equity holders of the Company (INR)	65,37,917	32,54,000
Weighted average number of equity shares (No.)	27,50,000	27,50,000
Face value per share (INR)	10.00	10.00
Earning per share (basic and diluted) (INR)	2.38	1.18

**28 Capital management**

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

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial requirements of the business primarily through shareholders fund. As on date, the Company has no outside borrowings.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2019.





## 29 Financial risk management objectives and policies

The Company's principal financial liabilities, are trade and other payables. The main purpose of these financial liabilities is limited to maintain the Company's operations. The Company's principal financial assets include investments, trade and other receivables, cash and short-term deposits that are derived directly from its operations.

The Company is exposed to credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is Company's policy not to trade in any derivatives for speculative purposes.

### Credit risk

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

### Applicability

#### Trade receivables

Company as a policy deals only with reputed insurance companies who have a good track of making timely payments and major share of company's revenue comes from government insurance companies. The nature of business transactions are continuous and depends upon the continuity of the insurance policies booked through the Company. Insurance companies settle accounts of broking companies on regular interval of time generally monthly. The Company as a matter of prudence books income only after receiving the final confirmation from insurance companies, hence, the chances of non recovery of trade receivables are minimal.

Summary	As at 31 March 2019	As at 31 March 2018
Trade receivables (including unbilled revenues)		
Not due	60,84,866	15,94,766
Overdue		
-less than six months	6,76,460	23,14,772
-others	25,66,670	48,288

#### Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only in bank FDR or Company's investments, post approval from proper authority of the Company.

Further, the Company holds investment in NCRPS of GSML (a fellow subsidiary) which it carries a exposure for credit risk.

### Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of surplus operating funds or shareholders fund. The Company's policy is to run organisation as a debt free company.

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

	Upto 1 year	1 to 5 years	> 5 years	Total
<b>As at 31 March 2019</b>				
Trade payables	32,92,034	-	-	32,92,034
	<b>32,92,034</b>	-	-	<b>32,92,034</b>
<b>As at 31 March 2018</b>				
Trade payables	13,46,806	-	-	13,46,806
	<b>13,46,806</b>	-	-	<b>13,46,806</b>

### Collateral

The Company has pledged part of its short-term deposits in order to fulfil the requirements placed by regulator for operating as Insurance broker. At 31 March 2019 and 31 March 2018, the fair values of the short-term deposits pledged were INR 2,200,000 and INR 2,200,000, respectively. The counterparties have an obligation to return the securities to the Company.



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## 30 Fair value measurements

*Financial instruments by category*

	As at 31 March 2019			As at 31 March 2018		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial assets</b>						
Investment in preference shares	42,79,158	-	-	36,57,842	-	-
Security deposits	-	-	6,42,095	-	-	6,14,052
Balances with banks - in deposit accounts (maturing after period of 12 months) and interest accrued there on			39,55,301			36,28,592
Trade receivables	-	-	32,43,130	-	-	23,63,060
Cash and cash equivalents (including other bank balances)	-	-	1,49,34,927	-	-	1,02,57,809
Other financial assets	-	-	61,77,811	-	-	17,62,990
<b>Total financial assets</b>	<b>42,79,158</b>	<b>-</b>	<b>2,89,53,264</b>	<b>36,57,842</b>	<b>-</b>	<b>1,86,26,503</b>
<b>Financial liabilities</b>						
Trade payables	-	-	32,92,034	-	-	13,46,806
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>32,92,034</b>	<b>-</b>	<b>-</b>	<b>13,46,806</b>

The management of the Company has assessed that the carrying amount of the financial assets and financial liabilities measured at amortised cost, are approximately equal to their fair values as at respective balance sheet dates and do not significantly vary from the amounts reported.

*Financial value hierarchy*

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

## Quantitative disclosures of fair value measurement hierarchy as at 31 March 2019:

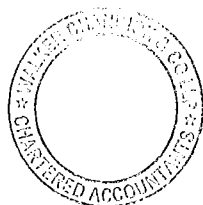
Financial instruments measured at fair value (recurring fair value measurements)	Date of valuation	Total	Level 1	Level 2	Level 3
<b>Financial assets</b>					
<i>Financial investments at FVTPL</i>					
Investment in preference shares	As at 31 March 2019	42,79,158	-	-	42,79,158

There have been no transfers between Level 1 and Level 2 during the year.

## Quantitative disclosures of fair value measurement hierarchy as at 31 March 2018:

Financial instruments measured at fair value (recurring fair value measurements)	Date of valuation	Total	Level 1	Level 2	Level 3
<b>Financial assets</b>					
<i>Financial investments at FVTPL</i>					
Investment in preference shares	As at 31 March 2018	36,57,842	-	-	36,57,842

There have been no transfers between Level 1 and Level 2 during the year.



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## 31 Fair values

The management assessed that cash and cash equivalents, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2019 and 31 March 2018 are as shown below:

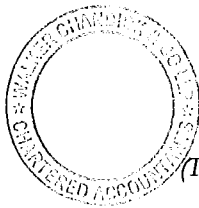
Description	Investment in NCRPS of GSML		
Valuation technique	Discounted cash flow method		
Significant unobservable inputs	Average borrowing rate of the instrument issuer company		
Probable weighted range	31 March 2019: 14% - 17% (16%) 31 March 2018: 14% - 17% (16%)		
Sensitivity of the input to fair value		31 March 2019	31 March 2018
	+0.50%	(1,61,166)	(1,54,637)
	-0.50%	1,67,686	1,61,669

The valuation of financial assets measured at fair value using level 3 inputs is carried out by finance head of the Company who directly report to board of directors of the Company.

They consider average borrowing rates of the issuer of the instrument and tracks for changes in financial position.

## Reconciliation of fair value measurement of unquoted preference shares classified as FVPL assets:

	Investment in NCRPS of GSML
As at 1 April 2017	31,26,739
Purchases during the year	-
Re-measurement gain recognised in statement of profit and loss	5,31,103
As at 31 March 2018	36,57,842
Purchases during the year	-
Re-measurement gain recognised in statement of profit and loss	6,21,316
As at 31 March 2019	42,79,158



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## 32 Gratuity

	31 March 2019	31 March 2018
<b>Plans</b>		
- Gratuity (unfunded)	4,72,702	3,77,415
	<b>4,72,702</b>	<b>3,77,415</b>

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and amounts recognised in the balance sheet for gratuity:

Net employee benefit expense (recognised in employee cost) for the year ended :

	31 March 2019	31 March 2018
Current service cost	92,604	90,251
Net interest cost	29,250	19,437
	<b>1,21,854</b>	<b>1,09,688</b>

Amount recognised in other comprehensive income for the year ended :

	31 March 2019	31 March 2018
Actuarial (gain)/ loss on obligations	(26,567)	8,566

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

	31 March 2019	31 March 2018
<b>Opening defined obligations</b>	3,77,415	2,59,161
Current service cost	92,604	90,251
Interest cost	29,250	19,437
Benefits paid	-	-
Actuarial loss on obligations	(26,567)	8,566
<b>Defined benefit obligation</b>	<b>4,72,702</b>	<b>3,77,415</b>

The Company expects to contribute INR 139,819 (Previous year INR 131,879) towards gratuity during the year 2018-19.

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

	31 March 2019	31 March 2018
Discount rate (in %)	7.75%	7.75%
Salary escalation (in %)	9% for 1 <sup>st</sup> two years & 7.5% thereafter	9% for 1 <sup>st</sup> two years & 7.5% thereafter
Retirement age	60 Years	60 Years
<b>Gratuity Plan</b>		

Assumptions	31 March 2019			
	Discount rate		Future salary increases	
Sensitivity level	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
Impact on defined benefit obligation (INR)	(27,022)	29,390	29,281	(27,168)
Assumptions	31 March 2018			
	Discount rate		Future salary increases	
Sensitivity level	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
Impact on defined benefit obligation (INR)	(22,536)	24,555	24,463	(22,658)

Note -

- Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.
- Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.
- The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

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

	31 March 2019	31 March 2018
Less than a year	7,688	4,706
Between 1 - 2 years	8,037	7,088
Between 2 - 5 years	23,200	19,546
Over 5 years	4,33,777	3,46,075
<b>Total</b>	<b>4,72,702</b>	<b>3,77,415</b>

The average duration of the defined benefit plan obligation at the end of the reporting period is 16.41 years (31 March 2018: 17.03 years).



## Leave encashment

	31 March 2019	31 March 2018
Provisions	5,20,083	3,67,298

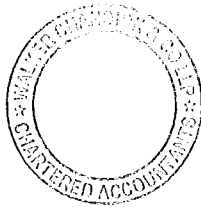
## Amount recognised in the statement of profit and loss is as under:

Current service cost	1,10,641	99,595
Interest cost	28,392	27,477
Actuarial loss/(gain) recognised during the year	27,502	52,908
<b>Amount recognised in the statement of profit and loss</b>	<b>1,66,535</b>	<b>1,79,980</b>

## Defined contribution plans

The Company has also certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of '12% of the basic salary as per regulations. The contributions are made to registered provident fund administered by government of India. The obligations of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligations. The expense recognised during the year towards defined contribution plan is INR 296,883 ( 31 March 2018 - INR 288,786).

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## 33 Related party disclosures as per Ind AS 24:

## A. The list of related parties as identified by the management is as under:

Nature of transactions/outstanding balance	As at 31 March 2019	As at 31 March 2018
<b>i) Holding company:</b>		
<i>Zuari Finserv Limited (formerly known as Zuari Finserv Private Limited)</i>		
Opening balance	1,00,000	-
Rent paid	23,14,500	26,96,228
Amount received as security deposit for director appointment	-	1,00,000
Payments made on their behalf	-	20,26,778
Depository / RTA expenses	21,701	1,296
Payments made by them on our behalf	15,31,076	12,51,096
Employee benefit cost transferred to the Company (refer note 35)	43,86,546	39,08,322
Closing balance (trade/other payables)	20,45,239	1,00,000
<b>ii) Ultimate holding company:</b>		
<i>Zuari Global Limited</i>		
Opening balance	-	-
Payments made on our behalf	19,370	-
Closing balance (trade/other payables)	20,920	-

## 34 Dues to micro and small enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED),2006 :

Particulars	As at 31 March 2019	As at 31 March 2018
Principal amount remaining unpaid	-	-
Interest accrued and due thereon remaining unpaid	-	-
Interest paid by the company in terms of service 16 of MSMED Act 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year ), but without adding the interest specified under MSMED Act ,2006.	-	-
Interest accrued and remaining unpaid as at the end of the year	-	-
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act,2006.	-	-

35 Employee benefit expenses includes INR 4,386,546 (31 March 2018: INR 3,908,322) for cost transferred from Zuari Finserv Limited (formerly known as Zuari Finserv Private Limited) (holding company) in respect of services rendered by employees of holding company to the Company.

## 36 Changes in accounting policies:

Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these financial statements.

The Company has early Ind AS 115 "Revenue from Contracts with Customers" with a date of initial application of 1 April 2018. As a result, the group has changed its accounting policy for revenue recognition as defined in Note 3. The Company has applied Ind AS 115 using the **Cumulative Effect Method**. Under this method, the entity shall recognise the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) of the accounting period that includes the date of initial application.

Revised reporting standard, Ind AS 115, does not have any impact on the Company.

37 During the year ended 31 March 2019, the Company reclassified/regrouped certain previous year's numbers. Considering the nature of these reclassifications/regroupings, the Company does not intend to present opening balance sheet of previous year reported. Refer below for the same:

As at 31 March 2018	Amount INR	Earlier reported head	Revised groupings
Deposits with original maturity more than 3 months but less than 12 months	80,00,000	Cash and cash equivalents	Other bank balances
Interest accrued on deposits	14,28,592	Other financial assets (current)	Other financial assets (non-current)
Business support services	33,79,990	Employee benefits expense	Other expenses



38 Segment information

The company's business activities falls broadly within a single primary business segment namely Insurance Broking services and therefore there is no reportable segment as per the management.

39 Contingent liability :

The Hon'ble Supreme Court (SC) has, in a recent decision ('SC decision'), ruled that various allowances like conveyance allowance, special allowance, education allowance, medical allowance etc., paid uniformly and universally by an employer to its employees would form part of basic wages for computing the provident fund ('PF' or 'the fund') contribution and thereby, has laid down principles to exclude (or include) a particular allowance or payments from 'basic wage' for the purpose of computing PF contribution. The Company pays special allowance, conveyance allowance and others allowances to its employees as a part of its their compensation structure, which are not included in the basic wages for the purpose of computing the PF.

As the above said ruling has not prescribed any clarification w.r.t to its application, the Company is in the process of evaluating the impact on the provident fund contributions. Pending clarification and evaluation of impact of above said, no provision for employee contribution has been recognised in the financial statements for the year ended 31 March 2019".

40 The financial statements were approved for external issue by the board of directors on 4 May 2019.

As per our report of even date

For Walker Chandiook & Co LLP  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

*Neeraj Goel*

Neeraj Goel  
Partner  
Membership No. 099514



For and on behalf of the Board of Directors of  
Zuari Insurance Brokers Limited

*R. S. Raghavan*  
R. S. Raghavan  
Director  
(DIN-00362555)

*Vijay Kathuria*  
Vijay Kathuria  
Director  
(DIN-00338125)

Place: Gurugram  
Date: 4 May 2019