

Federal Operations and Services Limited

Financial Statement for the year ended March 31, 2019

Financial Performance Highlights

1. Federal Operations and Services Limited is a wholly owned subsidiary company of Federal Bank devoted to banking operations and technology oriented services. Company was set up on 26th October. 2018.
2. Company provides services in respect of operational activities of The Federal Bank Limited. Company has taken over 43 services up to 31st March 2019. Company do not deal in loans and advances, neither it accepts deposits.
3. The total revenue of FedServ for the period ended on 31st March 2019 is ₹ 1.28 Crores. The full revenue pertains to services provided by the company to the bank only. Company started its operations on 01st December 2018 and this was the first year of operation of the company. The Company had net loss for the period ended 31st March 2019 of ₹ 28.59 Lakhs after writing of preliminary expenditure in full.
4. The Net Worth of FedServ at the beginning of the year was ₹ 5 cr. and closing Net Worth of FedServ as on 31st march 2019 was ₹4.71 Crore. During the year, Bank has invested in equity shares of company amounting to ₹ 5 Crore.
5. Company expects to migrate more number of processes from Federal Bank in the upcoming year and expects to bring higher efficiency and effectiveness in the operational processes of the Bank. Company operates from two locations- one in Kochi and Second in Visakhapatnam, Andhra Pradesh.
6. During the FY 18-19, Bank has received in-principle approval for the subsidy under India BPO Promotion Scheme of Central Govt. for setting up of BPO/IT operations. The amount of subsidy is ₹ 4.12 Crore to be received over a period of 3 years subject to achievement of minimum employment target of the company.
7. During the FY 18-19, company made an investment of ₹ 1.84 Crore in IT and premises infrastructure combined for both the locations. Out of this, ₹ 0.89 Crore were invested in tangible and non tangible fixed assets.

INDEPENDENT AUDITOR'S REPORT

To the Members of Federal Operations and Services Limited
Kochi

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Federal Operations and Services Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss, and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statement.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Director's Report, but does not include the financial statements and our Auditor's Report thereon. The Director's Report is expected to be made available to us after the date of this Auditor's Report.



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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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.



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

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

Report on Other Legal and Regulatory Requirements

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

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

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, no remuneration u/s 197 of the Act was paid by the Company to its directors during the period.



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- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
1. The Company does not have any pending litigations which would impact its financial position.
 2. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 3. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : Kochi
Date : 13.04.2019


VARMA & VARMA
(FBN: 004532S)

VIVEK KRISHNA GOVIND
Partner
CHARTERED ACCOUNTANT
Membership No. 20920

"ANNEXURE A" REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF FEDERAL OPERATIONS AND SERVICES LIMITED FOR THE PERIOD ENDED 31ST MARCH 2019

1. In respect of the Company's fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) We are informed that the fixed assets of the company have been physically verified by the management, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets and that no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us, the records of the company examined by us and based on the details furnished to us by the company, the company does not own any immovable property.
2. The company does not have any stock of finished goods, stores, spare parts and raw materials as on the Balance Sheet date and throughout the period. Accordingly, the reporting requirements under clause (ii) of paragraph 3 of the Order are not applicable.
3. According to the information and explanations given to us and the records of the company examined by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. We are informed that the transactions on the current account are not in nature of loan. Accordingly, the reporting requirements under clauses (iii) (a) to (c) of paragraph 3 of the Order are not applicable.
4. According to the information and explanations given to us and the records of the company examined by us, the company has not granted any loans or given any guarantee or security or made any investment as stated in section 185 and 186 of the Act. Accordingly, the reporting requirements under clause (iv) of paragraph 3 of the Order are not applicable.
5. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.



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6. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.
7. (a) According to the information and explanations furnished to us and according to our examination of the records of the Company, the Company has been generally regular in depositing undisputed statutory dues on account of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and other statutory dues as applicable to the Company with the appropriate authorities except for minor delays in remittance of Provident Fund, Employees' State Insurance, Goods and Service Tax and Income Tax deducted at source during the period.

There are no arrears of undisputed statutory dues outstanding at the last day of the financial year for a period of more than six months from the date on which they become payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed amounts due to be deposited under Goods and Service Tax, Income Tax and other statutory dues as at 31st March 2019.

8. The Company has not taken any loans or borrowings from financial institutions, banks and government nor has it issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.
9. According to the information and explanations given to us and the records of the Company examined by us, no moneys were raised by way of initial public offer or further public offer (including debt instruments) and no term loans have been availed by the company during the period.
10. During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us and representations made by the management, no material fraud by the company or on the company by its officers or employees, has been noticed or reported during the period.
11. According to the information and explanations given to us and the records of the Company examined by us, no managerial remuneration u/s 197 of the Act, has been paid or provided during the period.



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12. The company is not a Nidhi Company. Accordingly, the reporting requirements under clause (xii) of paragraph 3 of the Order are not applicable.
13. According to the information and explanations given to us and the records of the Company examined by us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the Note No. 21 to the financial statements as required by the applicable accounting standards.
14. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period under review. Accordingly, the reporting requirements under clause (xiv) of paragraph 3 of the Order are not applicable.
15. According to information and explanations given to us and the records of the company examined by us, the company has not entered into any non-cash transactions with directors or persons connected with the directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company. Accordingly, the reporting requirement under clause (xv) of paragraph 3 of the Order is not applicable.
16. According to the information and explanations given to us and the records of the Company examined by us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting requirement under clause (xvi) of paragraph 3 of the Order is not applicable.

Place : Kochi

Date : 13.04.2019

For **VARMA & VARMA**
(FRN/004532S)

VIVEK KRISHNA GOVIND
Partner
CHARTERED ACCOUNTANTS
Membership No. 209259

"ANNEXURE B" REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF FEDERAL OPERATIONS AND SERVICES LIMITED FOR THE PERIOD ENDED 31ST MARCH 2019

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

We have audited the internal financial controls over financial reporting of Federal Operations and Services Limited ("the Company") as of 31st March, 2019 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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



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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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



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Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Kochi

Date : 13.04.2019


For VARMA & VARMA
(FIRN: 0045326)
NIVEK KRISHNA GOVIND
Partner
CHARTERED ACCOUNTANTS
Membership No. 200270

FEDERAL OPERATIONS AND SERVICES LIMITED
BALANCE SHEET AS AT 31st MARCH, 2019

Particulars	Note No.	As at 31.03.2019 (Rupees)
I. EQUITY AND LIABILITIES		
(1) Shareholder's Funds		
(a) Share Capital	2	5,00,00,000
(b) Reserves and Surplus	3	(28,59,018)
		4,71,40,982
(2) Non-Current Liabilities		
(a) Long Term Provisions	4	50,289
		50,289
(3) Current Liabilities		
(a) Trade Payables	5	-
(i) Total outstanding dues of micro enterprises and small enterprises		-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		7,81,307
(b) Other Current Liabilities	6	89,95,205
		97,76,512
Total		5,69,67,783
II. Assets		
(1) Non-Current Assets		
(a) Property, Plant & Equipment	7	72,37,937
(i) Tangible assets		8,86,421
(ii) Intangible assets		95,00,864
(iii) Capital Work In Progress		4,95,083
(b) Deferred Tax Asset (Net)	8	17,39,922
(c) Long Term Loans and Advances	9	-
		1,98,60,227
(2) Current Assets		
(a) Trade Receivables	10	50,99,720
(b) Cash and Cash Equivalents	11	2,96,99,655
(c) Short-Term Loans and Advances	12	21,78,845
(d) Other Current Assets	13	1,29,336
		3,71,07,556
Total		5,69,67,783

Significant accounting policies and Notes on Accounts

1 to 25

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

As per our separate report of even date attached

For and on behalf of the Board of Directors

For VARMA & VARMA
(FRN: 004532 S)

VIVEK KRISHNA GOVIND
Partner
CHARTERED ACCOUNTANT
Membership No. 20927

Place : Kochi

Date : 13.04.2019

Johnson K. Jose
President and Executive Director
DIN:08267398

Sathesh P. K.
Director
DIN:08267396

FEDERAL OPERATIONS AND SERVICES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH, 2019

Particulars		Note No.	For the period ended 31.03.2019 (Rupees)
I.	Revenue from Operations	14	1,28,74,662
II.	Total Revenue		1,28,74,662
III.	Expenses:		
	Employee benefits expense	15	36,28,182
	Depreciation and Amortization expense	7	8,15,757
	Other expenses	16	1,17,84,824
	Total expenses		1,62,28,763
IV.	Profit / (Loss) before tax (II-III)		(33,54,101)
V.	Tax expense:		
	(1) Current tax		-
	(2) Deferred tax		(4,95,083)
VI.	Profit / (Loss) for the period (IV-V)		(28,59,018)
VII.	Earnings per equity share:	17	
	Nominal value of share Rs. 10/-		
	Basic/ Diluted		(0.57)

Significant accounting policies and Notes on Accounts 1 to 25
 The accompanying notes form an integral part of the financial statements.

As per our separate report of even date attached For and on behalf of the Board of Directors


 For **VARMA & VARMA**
 (FIRN: 004532 S)
VIVEK KRISHNA GOVIND
 Partner
 CHARTERED ACCOUNTANT
 Membership No. 20937

Place : Kochi
 Date : 13.04.2019


Johnson K. Jose
 President and Executive Director
 DIN:08267398


Sathesh P. K.
 Director
 DIN:08267396

FEDERAL OPERATIONS AND SERVICES LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH, 2019

Particulars	For the period ended 31.03.2019 (Rupees)
A. Cash Flows from Operating Activities	
Profit / (Loss) before tax as per the Statement of Profit and Loss	(33,54,101)
Adjustments for:	
Depreciation and Amortization expense	8,15,757
	8,15,757
Operating Profit before Working Capital Changes	(25,38,344)
Adjustments for:	
(Increase) / Decrease in Trade Receivables	(50,99,720)
Increase / (Decrease) in Trade Payables	7,81,307
Increase / (Decrease) in Other Current Liabilities	8,06,353
Increase / (Decrease) in Long term provisions	50,289
(Increase) / Decrease in Loans and Advances	(36,63,857)
(Increase) / Decrease in Other current assets	(1,29,336)
	(72,54,964)
Cash from/(used) in Operating Activities	(97,93,308)
Income tax paid	2,54,910
Net Cash from / (used) in Operating Activities	(1,00,48,218)
B. Cash Flows from Investing Activities	
(Increase) / Decrease in Fixed Assets (including Capital Work in Progress)	(1,02,52,127)
Net Cash from / (used) in Investing Activities	(1,02,52,127)
C. Cash Flows from Financing Activities	
Issue of Share Capital	5,00,00,000
Net Cash from / (used) in Financing Activities	5,00,00,000
D. Summary	
Net Cash from / (used) Operating Activities	(1,00,48,218)
Net Cash from / (used) in Investing Activities	(1,02,52,127)
Net Cash from / (used) in Financing Activities	5,00,00,000
Net Increase / (Decrease) in Cash and Cash Equivalents	2,96,99,655

Particulars	For the Period ended 31.03.2019 (Rupees)
Cash and Cash Equivalents at beginning of the period	-
Cash and Cash Equivalents at the end of the period	2,96,99,655

As per our separate report of even date attached

For and on behalf of the Board of Directors

For **VARMA & VARMA**
(FIRN: 004532S)

VIVEK KRISHNA GOVIND
Partner
 CHARTERED ACCOUNTANT
 Membership No. 20527


 Johnson K. Jose
 President and Executive Director
 DIN:08267398


 Sathesh P. K.
 Director
 DIN:08267396

Place : Kochi

Date : 13.04.2019

2 Share Capital

Particulars	As at 31.03.2019 (Rupees)
Authorised:	
Equity Share Capital	
50,00,000 Shares of Rs. 10/- each	5,00,00,000
Preference Share Capital	
1,50,00,000 Shares of Rs. 10/- each	15,00,00,000
	20,00,00,000
Issued, Subscribed and Fully paid:	
50,00,000 Equity shares of Rs. 10/- each	5,00,00,000
	5,00,00,000

2.1 Reconciliation of shares outstanding at the beginning and at the end of the Financial Year:

Particulars	As at 31.03.2019	
	Number of shares	Amount (Rupees)
At the beginning of the financial year	-	-
Add: Shares issued during the year	50,00,000	5,00,00,000
At the end of the financial year	50,00,000	5,00,00,000

2.2 Terms/Rights attached to Equity Shares

The company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.3 Details of Shareholders holding more than 5% share in the Company at the end of the year:

Name of Shareholder	As at 31.03.2019	
	%	Number of shares
Federal Bank Ltd	99.99%	49,99,695

2.4 Shares held by Holding Company

Name of Shareholder	As at 31.03.2019	
	%	Number of shares
Federal Bank Ltd., the Holding Company	99.99%	49,99,695

3 Reserves and Surplus

Particulars	As at 31.03.2019 (Rupees)
Surplus in the Statement of Profit and Loss	
As per last Balance Sheet	-
Add: Profit / (Loss) for the year as per the Statement of Profit and Loss	(28,59,018)
Closing balance	(28,59,018)



4 Long - Term Provisions

Particulars	As at 31.03.2019 (Rupees)
Provision for employee benefits (See Note. 4.1)	
Provision for Gratuity	50,289
	50,289

4.1 Disclosures required under Accounting Standard 15 - "Employee Benefits" :**4.1.1. Defined Contribution Plans**

During the year, the following amounts have been recognised in the Statement of Profit and Loss on account of defined contribution plans:

Particulars	As at 31.03.2019 (Rupees)
Employer's contribution to Provident Fund	3,50,424
Employer's contribution to Employee's State Insurance	1,40,174
	4,90,598

4.1.2 Defined Benefit Plans-Gratuity (Unfunded)

(i) Actuarial Assumptions	As at 31.03.2019 (Rupees)
Discount Rate	7.79% p.a.
Expected return on plan assets	
Salary escalation rate *	5.00% p.a.
Withdrawal rate	
Mortality rate	IALM 2006-08 Ultimate

* The assumption of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

(ii) Reconciliation of present value of obligation	As at 31.03.2019 (Rupees)
Present value of obligation at the beginning of the year	-
Current Service Cost	50,289
Interest Cost	-
Actuarial (gain)/loss	-
Benefits Paid	-
Curtailments	-
Settlements	-
Present value of obligation at the end of the year	50,289

(iii) Reconciliation of fair value of plan assets	As at 31.03.2019 (Rupees)
Fair value of plan assets at the beginning of the year	-
Expected return on plan assets	-
Actuarial gain/(loss)	-
Contributions	-
Benefits paid	-
Assets distributed on settlement	-
Fair value of plan assets at the end of the year	-

(iv) Description of Plan Assets	As at 31.03.2019 (Rupees)
Insurer Managed Funds	-



(v) Net (Asset)/Liability recognised in the Balance Sheet as at year end	As at 31.03.2019 (Rupees)
Present value of obligation	50,289
Fair value of plan assets	-
Net present value of funded obligation recognised as (asset)/liability in the Balance Sheet	50,289

(vi) Expenses recognised in the Statement of Profit and Loss	As at 31.03.2019 (Rupees)
Current Service Cost	50,289
Interest Cost	-
Expected return on plan assets	-
Actuarial (gain) / loss recognised in the period	-
Past Service Cost	-
Curtailement cost	-
Settlement cost	-
Total expenses recognised in the Statement of Profit and Loss for the year	50,289

Actual return on plan assets -

The above disclosures are based on information furnished by independent actuary and relied upon by the auditors.

5 Trade Payables

Particulars	As at 31.03.2019 (Rupees)
Trade Payables (Refer Note 5.1 Below)	
(i) Total outstanding dues of micro enterprises and small enterprises	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	7,81,307
	7,81,307

5.1 The Company has taken steps to identify suppliers who qualify under the definition of Micro and Small Enterprises, as defined under the Micro, Small and Medium Enterprises Act 2006. Since no intimation has been received from the suppliers regarding their status under the said Act as at 31st March 2019, disclosures relating to amounts unpaid as at the year end, if any, have not been furnished.

6 Other Current Liabilities

Particulars	As at 31.03.2019 (Rupees)
(a) Other payables	
(i) Statutory dues	8,06,353
(ii) Creditors for capital goods	81,88,852
	89,95,205



FEDERAL OPERATIONS AND SERVICES LIMITED
Notes Forming Part of The Financial Statements

7. Property, Plant And Equipment

Amount (in Rs.)

Particulars	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTIZATION				NET BLOCK	
	As at 01.04.2018	Additions	Sales/ Adjustments	As at 31.03.2019	As at 01.04.2018	For the Year	Disposal / Adjustments	As at 31.03.2019	As at 31.03.2019	
(I) Tangible Assets										
Computer & Accessories	-	28,99,750	-	28,99,750	-	3,58,299	-	3,58,299	25,41,451	
Office Equipments	-	51,19,303	-	51,19,303	-	4,22,817	-	4,22,817	46,96,486	
Total Tangible Assets	-	80,19,053	-	80,19,053	-	7,81,116	-	7,81,116	72,37,937	
(II) Intangible Assets										
Software	-	9,21,062	-	9,21,062	-	34,641	-	34,641	8,86,421	
Total Assets	-	89,40,115	-	89,40,115	-	8,15,757	-	8,15,757	81,24,358	

(iii) Capital work-in-progress (Includes assets at site pending installation)

Amount (in Rs.)

Particulars	As at 01.04.2018	Additions / Adjustments	Capitalised	As at 31.03.2019
Human Resource Software	-	18,00,000	-	18,00,000
Work Stations	-	18,29,250	-	18,29,250
Lease Hold Improvement	-	58,71,614	-	58,71,614
Total	-	95,00,864	-	95,00,864



8 Deferred Tax Asset (Net)		As at 31.03.2019
Particulars		(Rupees)
A. Deferred Tax Liability		
On difference between Written down value of fixed assets as per Income Tax Act and as per books.		53,137
		53,137
B. Deferred Tax Assets		
On other disallowances		5,48,220
		5,48,220
Net Deferred Tax Asset [B-A]		4,95,083
9 Long Term Loans and Advances		
Particulars		As at 31.03.2019
		(Rupees)
Unsecured, considered good		
Rent deposits		17,21,922
Other Deposit		18,000
		17,39,922
10 Trade Receivables		
Particulars		As at 31.03.2019
		(Rupees)
Unsecured, considered good		
Outstanding for a period exceeding 6 months from the date they are due for payment		-
Others (Net)		50,99,720
		50,99,720
10.1 Others (Net) represents the amount receivable from the Holding Company		
11 Cash and Cash Equivalents		
Particulars		As at 31.03.2019
		(Rupees)
Cash in hand		-
Balance with Banks :		
In Current Accounts		2,96,99,655
		2,96,99,655
12 Short-term loans and advances		
Particulars		As at 31.03.2019
		(Rupees)
Unsecured, considered good		
(a) Income tax (Tax deducted at source) (Net)		2,54,910
(b) GST Input Credit (Net)		18,96,870
(c) Other advances		27,065
		21,78,845



13 Other Current Assets	
Particulars	As at 31.03.2019 (Rupees)
Unbilled Revenue	1,29,336
	1,29,336
14 Revenue from operations	
Particulars	For the period ended 31.03.2019 Rupees
Sale of Services	
Income from Data processing and Monitoring services	1,28,74,662
	1,28,74,662
15 Employee benefits expense	
Particulars	For the period ended 31.03.2019 (Rupees)
Salary & Wages	30,91,803
Contribution to Provident and Other Funds	4,94,451
Staff Welfare Expenses	41,928
	36,28,182
16 Other expenses	
Particulars	For the period ended 31.03.2019 (Rupees)
Power and Fuel	2,02,038
Advertisement Expenses	1,34,850
Office Expenses	2,02,999
Internet Connectivity Charges	70,000
Leased Line expenses	82,220
Repairs and Maintenance	63,313
Sitting Fees to Directors	60,000
Professional and Consultancy charges	2,85,545
Rent	45,21,331
Payments to Auditors (Refer Note 16.1)	1,05,000
Rates and Taxes	26,37,519
Service charges	27,49,051
Printing and Stationery Expenses	63,157
Transportation Expenses	4,75,150
Miscellaneous expenses	1,32,651
	1,17,84,824
16.1 Payments in respect of Auditor's Remuneration	
Particulars	For the period ended 31.03.2019 (Rupees)
a. Statutory Audit fees (excluding GST)	1,00,000
b. Other services (excluding GST)	5,000
	1,05,000



17 Earnings per equity share

Particulars	For the period ended 31.03.2019 (Rupees)
Profit / (Loss) after taxation	(28,59,018)
Weighted Average Number of Equity Shares of Rs. 10/- each (fully paid-up)	50,00,000
Basic/ Diluted (not annualized)	(0.57)

18 There are no contingent liabilities as at the end of the year.

19 The company has taken premises under rental arrangements, which are in the nature of cancellable operating leases except for rent of 2nd floor office in Visakhapatnam, which has a lock-in period of 3 years. The lease rentals relating to the year Rs.45,21,331 has been charged to the Statement of Profit and Loss.

20 In the opinion of the management, short term loans and advances and other current assets, have the value at which they are stated in the Balance Sheet, if realised in the ordinary course of business.

21 Disclosure of transactions with related parties as required by Accounting Standard-18 on related party disclosures as prescribed by Companies (Accounting Standards) Rules, 2006.

A. Related parties and nature of relationship

Name of Party	Nature of Relationship
Federal Bank Ltd	Holding Company
Balagopal C. Shalini Warriar Satheesh P. K. Johnson K. Jose	Key Managerial Personnel

B. Details of the transactions with the above parties during the year and balance outstanding as at 31.03.2019

Particulars	Holding Company	Key Managerial Personnel (KMP)	Total
Revenue from Operations	1,28,74,662	-	1,28,74,662
Service charges	27,49,051	-	27,49,051
Sitting fees	-	60,000	60,000
Rent	21,667	-	21,667

Particulars	Holding Company	Key Managerial Personnel (KMP)	Total
Balance as on 31.03.2019			
- Due To	-	-	-
- Due From	50,99,720	-	50,99,720
Security deposit receivable	15,000	-	15,000



22 The Company was incorporated on 26th October 2018 with the main objects of providing banking operational services, technology oriented services and support functions. Being the first financial statements of the Company, there are no comparable figures for the previous year.

23 Estimated amount of contract remaining to be executed on capital account - Rs. Nil

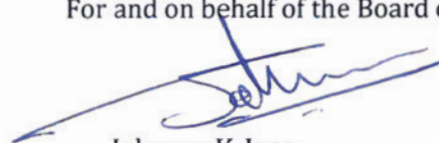
24 Segment Reporting

The company is primarily engaged in providing banking operational services, technology oriented services and support functions to its holding company. Therefore, separate business segment information is not disclosed. Besides, the Company's operations are located only in India and hence, separate secondary geographical segment information is not disclosed.

25 Figures have been rounded off to the nearest rupee.

As per our separate report of even date attached

For and on behalf of the Board of Directors



Johnson K. Jose
President and Executive Director
DIN:08267398

Place : Kochi
Date : 13.09.2019



Satheesh P. K.
Director
DIN:08267396