



eMUDHRA LIMITED

ANNUAL REPORT 2018-19



BOARD OF DIRECTORS

VENKATRAMAN SRINIVASAN	CHAIRMAN
MEHERDAAD B BATTLIWALA	INDEPENDENT DIRECTOR
MANOJ KUNKALIENKAR	INDEPENDENT DIRECTOR
VENUMADHAVA	WHOLE TIME DIRECTOR

REGD. OFFICE:

#56, 3rd Floor, Sai Arcade,
Outer Ring Road,
Devarabeesanahalli,
Bangalore - 560103

AUDITORS:

Manohar Chowdhry & Associates
Chartered Accountants,
#5, Shree Balaji Enclave, 13th A Cross, Jayanagar,
2nd Block, Bangalore - 560 011
Tel: 080-26576644



ANNUAL GENERAL MEETING NOTICE

Notice is hereby given that the 11th Annual General Meeting of the members of eMudhra Limited, will be held on 22nd July, 2019 at 11:00 a.m. at the registered office of the Company to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended March 31, 2019 and the Balance Sheet as on that date, together with the Reports of the Directors' and Auditors' thereon.
2. To Declare Dividend on Preference Shares
3. To appoint a Director in place of Mr. V Srinivasan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint the Statutory Auditors

RESOLVED THAT pursuant to Sections 139, 142 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, of the said Act and Companies (Audit and Auditors) Rules, 2014 made thereunder and other applicable rules, if any, under the said Act (including any statutory modification(s) or re-enactment thereof for the time being in force) M/s. Manohar Chowdhry & Associates, Chartered Accountants, be and is hereby appointed as the Statutory Auditors of the Company commencing from the conclusion of this Annual General Meeting till the conclusion of sixteenth Annual General Meeting at a remuneration plus reimbursement of expenses, as may be mutually agreed between the Board of Directors of the Company and the Auditors."

By order of the Board of Directors

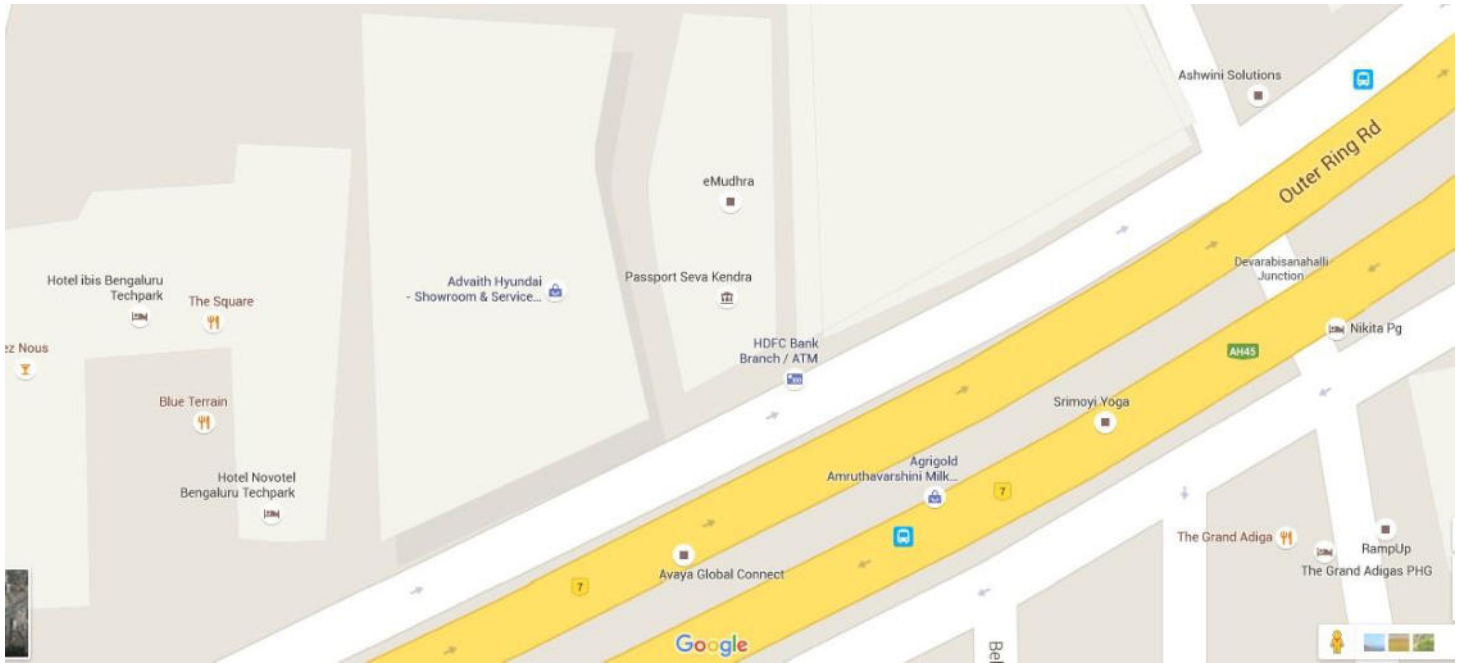
Date: 30-05-2019
Place: Bangalore

V Srinivasan
(Chairman)

NOTES

1. A member entitled to attend and vote, is entitled to appoint a proxy to attend and to vote on a poll instead of himself. Such proxy need not be a member of the company. Proxies in order to be effective, must be deposited with the company not less than 48 hours before the meeting.

ROUTE MAP



Director's Report

To,
The Members,
eMudhra Limited

Your directors take pleasure in presenting the 11th Annual Report on the business and operations of the company and the accounts for the financial year ended March 31, 2019.

1. Financial Summary:

a) Standalone financial summary

Particulars	<i>All amounts are in INR unless otherwise specified</i>	
	Standalone	
	For the year ended March 31,	
Financial Performance	2019	2018
Income*	90,11,95,861	73,82,83,243
Profit before interest and depreciation	21,00,89,581	13,41,93,872
Profit before tax	14,03,45,759	9,65,80,080
Provision for taxes	3,94,56,909	1,37,70,048
Profit after tax	10,08,88,850	8,28,10,032
Dividend paid	58,33,573	23,72,201
Profit after tax and appropriation.	9,50,55,277	8,04,37,831
Earnings per share (par value of Rs.5 per share): Basic and diluted	1.44	1.17

b) Consolidated financial summary

Particulars	Consolidated	
	For the year ended March 31,	
Financial Performance	2019	2018
Income*	101,12,20,996	76,85,02,405
Profit before interest and depreciation	29,67,96,188	14,90,65,022
Profit before tax	21,09,88,916	9,29,68,908
Provision for taxes	4,21,21,876	1,39,68,048
Profit after tax	16,88,67,040	7,90,00,860
Dividend paid	58,33,573	23,72,201
Profit after tax and appropriation.	16,30,33,467	7,67,06,083
Earnings per share (par value of Rs.5 per share): Basic and diluted	2.41	1.13

*During the year, the revenue recognition methods remain the same as that of previous financial year. However, the company has brought more clarity in the wordings mentioned in the accounting policy referred in note 2 clause VII of the financial statements.

2. Consolidated financial statements

The company has followed the applicable accounting standard while consolidating its 100% subsidiaries by each line item wise. The common transactions between subsidiary companies and the parent company as well as subsidiary companies inter se have been excluded while arriving at consolidated profit or loss.

In terms of section 136 of the Companies Act ,2013 the company has not attached the financial statements of the subsidiary companies. However, the financial information about the subsidiary companies have been duly audited by the respective qualified auditors except that of eMudhra (MU) Limited, where unaudited financial information has been taken onto accounts.. The consolidated financial statements presented by the company, which form part of this annual report are based also on the financial statements of its subsidiary companies.

3. Dividend

Your directors recommend a dividend of Rs.48,30,000(excluding dividend distribution tax) on Class A preference shares for the period ended March 31, 2019.

4. Transfer of unclaimed dividend to investor education and protection fund

The company has paid all the dividends declared by the company to the beneficiaries within 30 days and there is no unpaid dividend

5. Review of Business operations

The consolidated financial statement of the company represents financials of eMudhra Limited with its 100% subsidiaries, eMudhra Mu ltd (Foreign Subsidiary),eMudhra technologies limited and eMudhra consumer services limited.

During the year under review there has been a considerable improvement in our operations and positioning.

Our Solutions:

One of our core solutions, **emAS** has been strengthened more by adding emAS IAM, thus repositioning it as a broader Identity and Authentication Management (IAM) solution. On this solution we have been featured in the Software Tracker under the Identity Digital Trust Category where we rank 3rd among 40 others by IDC and The Market Guide as a Representative Vendor for User Authentication: Wide focus by Gartner, who are global technology analyst firms.

The paperless office solution, **emSigner** has been successfully integrated with SAP, SAGE, Sales force, Tally.ERP, etc. Further it has been released in other languages such as Spanish, Arabic, and Bahasa (Malaysia and Indonesia). These integrations and multi-language approach have not only improved the product quality but also the visibility of our emSigner product globally. This solution apart from being used by several large companies India is being used by a large company in UAE for their legal operations and also by an university in Colombia to issue diploma certificates. We are working towards implementing the same in many countries as well. Further new-age digital security features such as printable secure QR codes along with an embedded PKI certificate have also been added to this solution. This solution is being offered in On Premise model, SAAS Model as well as dedicated cloud Model with flexibility on data residency to cater to any kind of requirements in the global markets.

Our certificate manager solution, **emCA** has several new customers in India as well as a large telecom company in Saudi Arabia, who is setting up a certifying authority. This product has also been considerably strengthened

by bringing several new features. The company is also doing continuous R&D on Big Data, Block chain and IOT.

We recently launched eSign 3.0 services in India. This will help the country to move one step closer to achieve the “Digital India Vision”.

International Positioning:

In order to enable global reach, the company has identified partners in several countries in East Asia, Middle East and Africa and the Americas. These partnerships have started yielding results and are expected to bring significant businesses in the coming years.

Global root accreditation:

We had earlier indicated that the company has completed the procedures for listing its roots (under brand name emSign) in the trust stores with leading browsers such as Microsoft, Adobe, Google etc. During the year the company got the webtrust seal and its roots have been listed on Microsoft, Adobe and Mozilla Firefox. The listing with Google, Android and Apple are still in progress.

Membership of Global Fora:

The company has been admitted as a member of CA/Browser forum and Executive Committee member of European Cloud Signature Consortium. It is worth noting here that eMudhra is the only Indian company admitted in such global fora relating to PKI industry. Our chairman has been elected as Chairman of Asia PKI Consortium consisting of 10 member countries in Asia.

eMudhra Campuses:

Construction of our Digital Signature campus in Devanahalli is progressing well and the whole campus is expected to be completed by September 2020. The building plan for construction of our campus in ELCOT Export Processing Zone, Salem has been approved recently and the construction is expected to be done during the next 24 months.

Digital signature certificates and Crypto Token

On a standalone basis, the company has recorded digital signature sale of Rs.47,38,64,961 as against Rs.32,19,26,747 of previous year. This shows a remarkable growth of 47%. Our crypto token business was up by 63% from Rs.10,93,18,478 to Rs.17,86,22,555 during the financial ended March 2019.

Enterprise Solution business (emAs, emCA, emSigner etc.)

During the year revenue from enterprises solutions business has gone up by 32% to Rs.23,90,43,365 from Rs.18,05,10,063 in financial year 2018. Further during the year considerable amount of leads and funnel was generated for enterprise solutions business.

Other Services

Apart from the core business lines, the company provides services towards PAN and also provides online tax filling services for many years. These are non-core areas without much potential (as Government provides these services free). The revenue from these activities is Rs.1,48,98,914 compared to Rs.2,05,32,398 in the previous year registering a drop of 27% in the revenue.

General:

The revenue from operation of the company on standalone basis for the year ended 31st March 2019 was Rs.90,03,33,118 showing an overall increase of 23%, as compared to previous year revenue of Rs. 73,31,52,975. In the previous year, the revenue from eSign services of Rs.10,08,65,290 was included in the total income. During this year, due to various uncertainties over eSign, this service could not be continued; hence on a like to like basis the growth in revenue was 43%.

The profit before interest and depreciation has grown by 57% from Rs.13,41,93,873 to Rs.21,00,89,581 during the reporting period.

The profit before tax and appropriations for the year under review is Rs.14,03,45,759 as compared to a profit of Rs.9,65,80,080 during the previous year showing an increase of 45% as compared to previous year. The company has captured a reasonable share of digital signature market during the year which has resulted in the increase in profit before tax.

The Profit after tax and before appropriations in the financial Statement for the year is Rs. 10,08,88,850 as compared to a profit of Rs. 8,28,10,032 during the previous financial year. Further company has made payment of dividend on preference shares of Rs. 58,33,573.

The basic and diluted earnings per share on a standalone basis increased from Rs.1.17 per equity share with a face value of Rs.5 per share to Rs.1.44 per share, showing an increase of 23%.

The consolidated income of the company was Rs. 101,02,65,537 as against Rs. 76,85,02,405 in FY 2017 showing growth of 32% in consolidated turnover

The consolidated Profit before tax and appropriations for the year under review is Rs. 21,09,88,916 as compared to a profit of Rs. 9,29,68,908 during the previous year showing a growth of 127% as compared to previous year.

The Profit after tax and before appropriations in the consolidated financial Statement for the year is Rs. 16,88,67,040 as Compared to a profit of Rs.7,90,00,860 during the previous financial year.

The basic and diluted earnings per share on a consolidated basis increased to Rs.2.41 per equity share with a face value of Rs.5 per share from Rs.1.13 per share in the last financial year.

6. Material changes and commitment if any affecting the financial position of the company occurred between the end of the financial year to which these financial statements relate and the date of the report

There are no material events which have occurred between the end of the financial year to which these financial statements relate and the date of the report

7. Conservation of energy, technology absorption, foreign exchange earnings and outgo

The provisions of Section 134(m) of the Companies Act, 2013 relating to conservation of energy and technology absorption do not apply to our company.

The disclosure of foreign exchange earnings and outgo, in terms of provisions of Section 134 (3)(m) read with Rule 8 of the Companies (Accounts) Rules,2014 are given hereunder:

Foreign Exchange	2018-2019	2017-2018
Earnings	4,32,64,176	1,77,99,700
Outgo	10,30,69,526	2,20,17,530

8. Details of policy developed and implemented by the company on its corporate social responsibility (CSR) initiatives

During the year, the CSR Committee of the Board of Directors of the Company comprised of 3 (Three) Members, namely Mr. V Srinivasan, (Chairman of the Committee) Dr. N L Sarda and Mr. Manoj Kunkalienkar. The above composition of the CSR Committee consists of 2 (two) independent Directors, Dr. N L Sarda and Mr. Manoj Kunkalienkar, who form the majority.

The vision of CSR is to be socially and environmentally responsive organisation committed to improve quality of life within and outside. We at eMudhra focus on imparting education for employment by enhancing the vocation skills especially in the information technology area and arranging socio-economic development programs through training and student empowerment programs.

In line with the above decision we have developed our third training centre at our branch office situated Bellandur, Bangalore. The training centre was instrumental in imparting knowledge in information technology sector to the needy section of people in our city. During the financial year, we had trained about 155 youths in our city.

The company has spent Rs.17,01,550 against a statutory minimum limit of Rs.15,53,004, which is 2 % of the average profit of the company during the last three financial years.

In the current financial year, the company is planning to further invest in creating additional training facilities along with computers, learning mechanisms and run training programs and has already earmarked Rs.19,00,000 which fulfils statutory requirement of 2% of average of 3 financial years net profit, for the CSR activities for the financial year 2019-2020.

9. Particulars of loans, guarantees or investments

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the Notes to the audited financial statements and the same is disclosed in note no. 15 and note no 16 of audited financial statements.

The company has an outstanding investment of Rs.22,27,77,622/- in equity shares of 100% subsidiary companies and also has provided a loan of Rs.3,06,74,003/- to the Employees Stock Options Trust.

10. Board of Directors

10.1 Composition

The composition of the board of directors the company is furnished in Annexure A to this report

10.2 Number of Board Meetings conducted during the year under review

During the year the board has duly met four (4) times and the time gap between any two board meetings did not exceed one hundred and twenty days. The board of directors regularly reviews compliance reports pertaining to all the laws applicable to the company. The details of the Board meetings are provided in section 2 of Annexure A

11. Company's policy relating to directors appointment, payment of remuneration and discharge of their duties

The company appoints directors based on need. They are selected based on merit and their appointment, remuneration and other eligibility parameters are vetted by the Nomination and Remuneration Committee. The nomination and remuneration committee currently consists of Dr N.L.Sarda, chairman, Mr Manoj Kunkalienkar and Mr V. Srinivasan.

12. Declaration by independent directors

All the independent directors of the company have submitted their disclosure to the Board that they fulfil all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of Companies Act, 2013 and the relevant rules.

13. Evaluation By Board

The Board has made a formal annual evaluation of its own performance, Committees of the Board, Independent Directors and Individual Directors of the Company.

The performance of the Independent Directors as well as Individual Directors including the Chairman of the Board were evaluated based on Competence, Ethics and Values, Leadership, Knowledge, Diligence and Participation.

The Board of Directors were satisfied with the evaluation process which ensured that the performance of the Board, its Committees, Independent Directors and Individual Directors are adequate.

14. Directors' responsibility statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors to the best of their knowledge hereby state and confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis
- e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

15. Subsidiaries, joint ventures and associate companies

The Company have three 100% subsidiaries, out of which one company has been incorporated outside India and other two were incorporated in India. In addition to this the company do have five associates companies, out of which two are incorporated in India and also have one associated partnership firm in India.

Related Party Transactions

The Board of directors have approved related party transactions, all of them are under arm's length basis. The summary of related party transactions is also provided in Note no.34 of the audited financial statements.

16. Deposits

The Company has neither accepted nor renewed any deposits during the year under review.

17. Auditors

1. Statutory Auditor

M/s Manohar Chowdhry and Associates were appointed by the shareholders at the Sixth AGM (AGM 2014), as Statutory Auditors of the Company for a first term of five consecutive years to hold office until the conclusion of the eleventh AGM (AGM 2019). The requirement for the annual ratification of auditors' appointment has been omitted pursuant to Companies (Amendment) Act, 2017 notified on May 07, 2018. The Company has received letter from the above auditors consenting for the appointment and confirmation to the effect that their re-appointment, for the second term of five consecutive years, would be within the limits prescribed under the Companies Act, 2013 and that they are free from any disqualification specified in Section 141 of the Companies Act, 2013 and the rules made thereunder.

Statutory Auditors report:

The statutory auditors report to the members for the year ended March 31, 2019 does not contain any qualification, reservation, adverse remark or disclaimer. Further auditors have not reported any matter under Section 143 (12) of the Act and therefore no detail is required to be disclosed under Section 134(3)(ca) of the Companies Act, 2013.

2. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr.S P Nagarajan, Company Secretary in practice, to undertake the Secretarial Audit of the Company. The report on the Secretarial Audit carried out for the year 2018-19 is annexed herewith as ‘Annexure -B’. The secretarial audit report does not contain any qualification, reservation, adverse remark or disclaimer.

18. Risk Management policy

Risk Management and mitigation is taken care of by the Board and Executive Management by appropriate delegation, reporting and authority structure. Risk Management is also ensured by putting various checks and balances across various functions. It is integrated into management, Board and annual reporting mechanism.

As part of Risk Management, the Company also has put in place an Internal Audit Mechanism commensurate with size of business and nature of its operations. As part of this exercise, the Company continues to engage M/s Suri & Company, Chartered Accountants, as Internal Auditors of the Company. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditors findings are discussed with the process owners and suitable corrective actions are taken to improve efficiency in operations. Internal audit reports are also discussed in the Audit Committee and Board meetings

19. Credit ratings

Company's current credit rating is BWR BBB (pronounced as BWR Triple B) and the rating outlook is "Stable". Brickwork Rating, BWR, believes that the companies risk profile will be maintained over the medium term . The "Stable" outlook indicates a low likelihood of rating change over the medium term. The current year rating is under review.

20. Disclosure as required under rule 5 (2) and 5 (3) of the companies (appointment and remuneration of managerial personnel) rules, 2014.

- a) During the financial year, the Company has not employed any person with the aggregate remuneration for Rs. 1,02,00,000 / per annum if employed throughout the year or Rs. 8,50,000 per month if employed for part of the year.
- b) During the financial year, the company has employed Mr. Kaushik Srinivasan, who was in receipt of remuneration (Refer note 34 in audited financials) in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

21. Disclosure of composition of audit committee and providing vigil mechanism

During the year, the Audit Committee of the Board of Directors of the Company comprised of 3 (Three) Members namely Mr. Manoj Kunkalienkar, Chairman, Mr. V Srinivasan and Dr. N L Sarda.

The above composition of the Audit Committee consists of 2 (two) independent Directors, Dr. N L Sarda and Mr. Manoj Kunkalienkar, who form the majority.

The Board accepted the recommendations of the Audit Committee whenever made by the Committee during the year. The Audit Committee duly met once on June 19,2018, during the financial year under review and all the members were present in the said meeting.

The Company has established a vigil mechanism to oversee, the genuine concerns, if any expressed by the employees. The Company has also provided adequate safeguards against victimization of employees who

express their concerns. The Company has also provided direct access to the chairman on reporting issues concerning the interests of co-employees and the Company.

22. Transfer to reserves

During the year, there is no amount has been transferred to any specific reserves.

23. Shares

a. Buy back of shares

There is no buy back of shares during the reporting period

b. Sweat equity

The company has not issued any sweat equity shares during the year under review.

c. Bonus shares

No bonus shares were issued during the year under review.

d. Employment stock option plan

During the year, the company has issued stock options relating to 2,25,000 equity shares at par value through the eMudhra employees' stock option trust and has cancelled 2,50,000 stock options relating to equity shares. No options are exercised during this period and the unissued closing balance at the year end is 17,32,801 stock options on equity shares out of 61,32,801 stock options on equity shares.

Acknowledgements

The board places on record its appreciation for the continued co-operation and support extended to the company by its customers which enables the Company to make every effort in understanding their unique needs and deliver maximum customer Satisfaction. We place on record our appreciation of the contribution made by the employees at all levels, whose hard work, co-operation and support helped us face all challenges and deliver results.

We acknowledge the support of our vendors, the regulators, the esteemed league of bankers, financial institutions, rating agencies, government agencies, auditors, legal advisors, consultants, business associates and other stakeholders.

For and on behalf of the board of directors

V Srinivasan
Director
DIN: 00640646

Venumadhava
Director
DIN: 06748204

Date: May 30, 2019

Place: Bangalore

Annexure-A

1. Composition of the Board of Directors of the company was as follows

Sr. No.	Name of the Director		Category	Status
1	V.Srinivasan	Promoter	Chairman	Active
2	Dr. Nandlal L. Sarda	Non-Promoter	Independent Director	Active
3	Manoj Kunkalienkar		Independent Director	Active
4	Venu Madhava	Non- Promoter	Whole- time Director	Active

2. Attendance of each director at the meeting of board of directors and the annual General Meeting

Sr. No	Name of the Director	June 19, 2018	October 08, 2018	January 23, 2019	March 30, 2019	AGM Meeting July 20, 2018
1	V.Srinivasan	√	√	√	√	√
2	Dr. Nandlal L. Sarda	√	√	√	√	-
3	Manoj Kunkalienkar	√	√	√	√	-
4	Venu Madhava	√	√	√	√	√

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014**

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U72900KA2008PLC060368
2.	Registration Date	16/06/2008
3.	Name of the Company	eMudhra Limited
4.	Category/Sub-category of the Company	Company Limited by Shares/ Indian Non-Government Company
5.	Address of the Registered office & contact details	#56, 3rd Floor, Sai Arcade, Outer Ring Road, Devarabeesanahalli, Bangalore - 560103
6.	Whether listed company	NO
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	-

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Digital Signature Certificates & Crypto Tokens	62099	73%
2	Enterprise Security Solutions	62099	27%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name	Address of the Company	CIN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1	eMudhra (MU) Ltd	10 Frere Felix De Valois Street, Port Louis, 1116-07	-	Subsidiary	100%	Section 2(87)
2	eMudhra Technologies Limited	#56, 3rd Floor, Sai Arcade, Outer Ring Road, Devarabeesanahalli, Bangalore - 560103	U72200KA2012PLC065153	Subsidiary	100%	Section 2(87)

i) Others (Trust)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	70179692	70179692	100		70179692	70179692	100	-

B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	V Srinivasan	28975433	41.29	-	27973964	39.86	-	(1.43)
2	Mythili Srinivasan	2437836	3.47	-	2437836	3.47	-	-
3	Kaushik Srinivasan	1436518	2.05	-	1436518	2.05	-	-
4	Arvind Srinivasan	6636515	9.46	-	6636515	9.46	-	-
5	Lakshmi Kaushik	6201466	8.84	-	6201466	8.84	-	-
6	Aishwarya Arvind	-	-	-	1001469	1.43	-	1.43
7	eMudhra Employees Stock Option Trust	6132801	8.74	-	6132801	8.74	-	0
8	Taarav Pte Ltd	18359123	26.16	-	18359123	26.16	-	-

C) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	V Srinivasan				
	At the beginning of the year	28975433	41.29	-	-
	Allotment by virtue of amalgamation	-	-	-	-
	At the end of the year	27973964	39.86	-	-
2.	Aishwarya Arvind				
	At the beginning of the year	-	-	-	-
	Allotment by virtue of amalgamation	-	-	-	-
	At the end of the year	1001469	1.43	-	-

D) Shareholding Pattern of top ten Shareholders:**(Other than Directors, Promoters and Holders of GDRs and ADRs):**

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	-	-	-	-

E) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	V Srinivasan, Chairman				
	At the beginning of the year	28975433	41.26	-	-
	Allotment / transfer / bonus/ sweat equity etc.	-	-	-	-
	At the end of the year	27973964	39.86	-	-
2.	Venumadhava, Whole-Time Director				
	At the beginning of the year	-	-	-	-
	Allotment / transfer / bonus/ sweat equity etc.	-	-	-	-
	At the end of the year	-	-	-	-
3.	N L Sarda, Independent Director				
	At the beginning of the year	-	-	-	-
	Allotment / transfer / bonus/ sweat equity etc.	-	-	-	-
	At the end of the year	-	-	-	-
4.	Manoj Kunkalienkar, Independent Director				
	At the beginning of the year	-	-	-	-
	Allotment / transfer / bonus/ sweat equity etc.	-	-	-	-
	At the end of the year	-	-	-	-

5.	Saji K Louiz				
	At the beginning of the year	-	-	-	-
	Allotment / transfer / bonus/ sweat equity etc.	-	-	-	-
	At the end of the year	-	-	-	-
6.	Johnson Xavier	-	-	-	-
	At the beginning of the year	-	-	-	-
	Allotment / transfer / bonus/ sweat equity etc.	-	-	-	-
	At the end of the year	-	-	-	-

V) **INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	8,28,71,401	-	-	8,28,71,401
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	8,28,71,401	-	-	8,28,71,401
Change in Indebtedness during the financial year				
* Addition	11,77,34,648	4,80,00,000	-	16,57,34,648
* Reduction		100,000	-	100,000
Net Change	11,77,34,648	4,79,00,000	-	16,56,34,648
Indebtedness at the end of the financial year				
i) Principal Amount	20,06,06,049	4,79,00,000	-	24,85,06,049
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	-	-		-
Total (i+ii+iii)	20,06,06,049	4,79,00,000		24,85,06,049

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Venu Madhava		----	---	
1	Gross salary	33,09,138				33,09,138
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-

3	Sweat Equity	-	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total (A)	33,09,138	-	-	-	33,09,138
	Ceiling as per the Act	-	-	-	-	-

B. Remuneration to other directors –

SN.	Particulars of Remuneration	Name of Directors			Total Amount
1	Independent Directors	Meherdaad Battliwala	Manoj Kunkalienkar	NL Sharda	
	Fee for attending board committee meetings	-	2,00,000	2,00,000	4,00,000
	Commission	4,78,119	4,78,119	0	9,56,238
	Others, please specify	-	-	-	
	Total (1)	4,78,119	6,78,119	2,00,000	13,56,238
2	Other Non-Executive Directors	-	-	-	
	Fee for attending board committee meetings	-	-	-	
	Commission	-	-	-	
	Others, please specify	-	-	-	
	Total (2)	-	-	-	
	Total (B)=(1+2)	4,78,119	6,78,119	2,00,000	13,56,238
	Total Managerial Remuneration	-	-	-	
	Overall Ceiling as per the Act	-	-	-	

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WT D –

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	NA	11,42,667	29,21,616	40,64,283
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	
4	Commission	-	-	-	
	- as % of profit	-	-	-	
	others, specify...	-	-	-	
5	Others, please specify	-	-	-	
	Total	-	11,42,667	29,21,616	40,64,283

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NOT APPLICABLE

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

V Srinivasan
Director
DIN: 00640646

Venumadhava
Director
DIN: 06748204

Date:30-05-2019
Place: Bangalore

S.P. NAGARAJAN M.Com., A.C.S., L.L.B.
Company Secretary

S-818, Eighth Floor,
South Block - Manipal Centre,
47, Dickenson Road,
Bangalore - 560 042
Telefax: 080- 41136320, 41141544
Mobile: 98453 84585
Email: cs@nagarajsp818.com
www.spncs818.com

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the
Companies (Appointment and Remuneration Personnel Rules, 2014]*

To,
The Members,
eMudhra Limited
CIN: U72900KA2008PLC060368
No.56, 3rd Floor, Sai Arcade,
Outer Ring Road, Devarabeesanahalli
Bangalore-560103

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **eMudhra Limited** ("the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2018. The Company has complied according to the provisions of:
 - i. The Companies Act, 2013 (the Act) and the rules made thereunder;
 - ii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent applicable to Overseas Direct Investment;
 - iii. The other laws, as informed and certified by the management of the Company which are to the extent applicable to the Company based on its sector/ industry, are:

- a. The Registration Act, 1908
- b. The Indian Stamp Act, 1899
- c. The Limitation Act, 1963
- d. Indian Contract Act, 1872
- e. Negotiable Instrument Act, 1881
- f. Sale of Goods Act, 1930
- g. The Information Technology Act. 2000
- h. The Aadhaar Act, 2016
- i. Right to Information Act, 2005
- j. The Trade Marks Act, 1999
- k. The Patents Act, 1970
- l. Indian Copyright Act, 1957
- m. Income Tax Act, 1961
- n. The Central Goods and Service Tax Act, 2017
- o. The Insurance Act, 1938
- p. Labour Laws including The Employees' Provident Funds And Miscellaneous Provisions Act, 1952, Employees' State Insurance Act, 1948, Employees' State Insurance (Central) Rules, 1950, ESI Act, Payment of Bonus Act, Payment of Gratuity Act, Contract Labour Act, Employees Compensation Act, Apprentices Act, Equal Remuneration Act, 1976, Maternity Benefit Act, 1961
- q. The State Acts, rules, guidelines and regulations to the extent applicable to the Company.

2. I have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) and Section 118(10) of the Companies Act, 2013.

In my opinion and to the best of my information and according to the explanation given to me, I report that the Company has complied with all applicable Secretarial Standards issued by ICSI with respect to General and Board meetings in accordance with Section 173(3) of the Act.

- b) The Listing Agreements entered into by the Company with Stock Exchanges
Not applicable as the Company is an unlisted public company.

3. The following regulations/Acts/guidelines are NOT APPLICABLE to the Company during the audit period as the Company is an unlisted public company:

- i. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder with regard to maintenance of minimum public shareholding and compliance under clause 35 of the Listing Agreement.

- ii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder with regard to dematerialisation / rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company in compliance with clause 55A of the SEBI (Depositories and Participants) Regulations, 1996 and clause 47 (c) of the Listing Agreement;
- iii. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - i. The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015

- 4.** Based on my examination and verification of the registers, records and documents produced to me and according to the information and explanations given to me by the Company : -

I report that the Company has, in my opinion, complied with the provisions of the Companies Act, 2013 (the Act) and the rules made thereunder and with the Memorandum and Articles of Association of the Company with regard to:

- a) maintenance of various statutory registers and documents and making necessary entries therein;
- b) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
- c) service of documents by the Company on its Members, Auditors and the Registrar of Companies;
- d) notice of Board meetings and Committee meetings of Directors;
- e) the meetings of Directors and Committees of Directors;
- f) the Ninth Annual General Meeting held on 30 December 2017;
- g) minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- h) approvals of the Members, the Board of Directors, the Committees of Directors, Court/government authorities, wherever required;
- i) constitution of the Board of Directors /Committee(s) of Directors, appointment, retirement and re-appointment of Directors including the Executive Directors, Whole-time Director and Key Managerial Personnel (Chief Financial Officer and Company Secretary) to the extent applicable;
- j) payment of remuneration to Executive Directors/Key Managerial Personnel;
- k) appointment and remuneration of Auditors;
- l) issue and allotment of shares, redemption of shares, issue and delivery of share certificate(s) and duplicate share certificates wherever applicable;
- m) investment of the Company's funds including inter-corporate loans and investments and loans to others wherever applicable;
- n) the Company has filed requisite form for creation and satisfaction of charge during the year under review;
- o) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
- p) Directors' report;
- q) contracts, common seal, registered office and publication of name of the Company; and
- r) generally, all other applicable provisions of the Act and the Rules made under.

5. I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance in accordance with Section 173(3) of the Act and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

6. I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

7. On examination of the relevant documents and records in pursuance thereof, on test-check basis **I further report that** I have relied on the information and representation made by the Company and its officers for systems and mechanism formed by the Company for compliances under other Acts, Laws, and Regulations to the extent applicable to the Company.

8. During the said audit period **I further report that the Company has complied with the requisite provisions of the Act and rules made thereunder with regard to:**

- a) the Company has made an application to Hon'ble High Court of Karnataka on 20th August 2016 vide application no. 299/2016 and 300/2016 seeking approval the Scheme of Amalgamation of Blue Penguin Technology Solution Private Limited and Cadenza Solutions Private Limited (Transferor Company) with eMudhra Limited (Transferee Company) under Section 391 to Section 394 of the Companies Act, 1956. Consequent to notification of MCA dated 7th December 2016, and implementation of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the said petitions were transferred to National Company Law Tribunal, Bengaluru Bench for their approval vide application number 220/17 and 221/17. The Hon'ble National Company Law Tribunal, Bengaluru Bench has approved the said amalgamation vide order dated 22nd November 2017.

9. I further report that:

- (a) the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities;
- (b) the Directors have complied with the disclosure requirements in respect of their eligibility of appointment and independence;

(c) the Company has obtained all necessary approvals under the various provisions of the aforesaid Acts and rules made thereunder, to the extent applicable; and

(d) there was no prosecution initiated by any statutory authorities and no fines or penalties were imposed during the year under review under the Act and rules framed thereunder against / on the Company, its Directors and Officers.

Place: Bangalore	Signature : Name of the Company Secretary : S.P.NAGARAJAN
Date :	ACS Number : 10028 CP Number : 4738

eMudhra Limited
Cash Flow Statement

	(Amount in Rs.)	
	Year ended March 31, 2019	Year ended March 31, 2018
Cash flow from operating activities		
Profit before tax	140,345,759	96,580,079
Adjustments for :		
Depreciation	65,400,551	41,572,822
Interest income	(775,921)	(1,549,187)
Interest expenses	5,206,014	1,171,238
Operating profit before working capital changes	210,176,403	137,774,952
Changes in working capital:		
(Increase)/decrease in inventories	571,824	1,393,209
(Increase)/decrease in trade receivables	(70,196,443)	(28,446,672)
(Increase)/decrease in loans and advances	(831,192)	(37,483,358)
Increase/ (decrease) in current liabilities	49,218,840	(3,040,684)
Cash generated from operations	188,939,431	70,197,447
Direct taxes paid (net of refunds)	(38,659,521)	(20,791,401)
Net cash from operating activities	150,279,911	49,406,046
Cash flow from investing activities		
Purchase of tangible/intangible assets	(299,027,949)	(71,260,849)
Investment in units of quoted mutual fund	(50,000,000)	(1,500,000)
Interest received	2,058,362	772,908
Net cash from / (used in) investing activities	(346,969,587)	(71,987,941)
Cash flow from financing activities		
Receipt (payment) of long term borrowing	79,230,919	34,126,000
Redemption of preference share capital	-	(44,000,000)
Dividend Paid including dividend distribution tax	(5,833,573)	(2,372,201)
Proceeds (repayment) from short term borrowings	86,403,729	(7,980,896)
Interest paid	(5,206,014)	(1,171,238)
Net cash from / (used in) financing activities	154,595,061	(21,398,335)
Net increase/decrease in cash and cash equivalents	(42,094,614)	(43,980,230)
Cash and cash equivalents at the beginning of the period	58,211,511	102,191,741
Cash and cash equivalents at the end of the period	16,116,897	58,211,511
Cash and cash equivalents comprises of:		
Cash on hand	255,107	283,544
Balance with banks		
In current accounts	15,861,790	57,927,967
Deposit accounts	-	-
Total	16,116,897	58,211,511

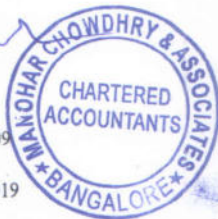
The accompanying notes are an integral part of the financial statements

As per our report of even date

For Manohar Chowdhry and Associates
Firm Registration Number: 001997S
Chartered Accountant

Ashok Kumar Doddi
Partner
Membership No: 217909

Bangalore, May 30, 2019



For and on behalf of the Board of Directors

V Srinivasan
Chairman
DIN: 00640646

Saji K Louiz
Chief Financial Officer

Venu Madhava
Director
DIN: 06748204

Johnson Xavier
Company Secretary

Bangalore, May 30, 2019

eMudhra Limited
Balance Sheet

(Amount in Rs.)

	Notes	As at March 31,2019	As at March 31,2018
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share capital	3	511,898,460	511,898,460
Reserves and surplus	4	270,748,877	175,693,600
Non-current liabilities			
Long-term borrowings	5	113,356,919	34,126,000
Other long-term liabilities	6	5,503,368	11,238,798
Deferred tax liabilities (net)	7	3,102,134	1,838,401
Long- term provisions	8	17,518,559	12,311,058
Current liabilities			
Short-term borrowings	9	135,149,130	48,745,401
Trade payables	10	42,844,647	13,419,123
Other current liabilities	11	87,556,522	65,969,634
Short-term provisions	12	2,133,470	2,116,671
Total		1,189,812,086	877,357,146
ASSETS			
Non-Current Assets			
Fixed assets			
Tangible assets	13	150,419,333	137,033,805
Intangible assets	14	348,300,841	275,247,861
Tangible assets under development		200,276,128	37,895,287
Intangible asset under development		11,401,887	26,593,838
Non-current investments	15	222,777,622	172,777,622
Long term loans and advances	16	54,776,884	58,583,896
Current Assets			
Inventories	17	2,804,948	3,376,771
Trade receivables	18	124,720,576	54,524,133
Cash and cash equivalents	19	16,116,897	58,211,511
Short-term loans and advances	20	57,757,684	51,370,694
Other current assets	21	459,287	1,741,728
Total		1,189,812,086	877,357,146
Other notes to accounts	1 & 39		
Summary of significant accounting policies	2		
Contingent liabilities	22		

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

As per our report of even date

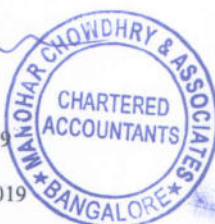
For and on behalf of the Board of Directors

For Manohar Chowdhry & Associates
Firm Registration Number. 001997S
Chartered Accountants

V Srinivasan
Chairman
DIN: 00640646

Venu Madhava
Director
DIN: 06748204

Ashok Kumar Doddi
Partner
Membership No.217909



Saji K Louiz
Chief Financial Officer

Johnson Xavier
Company Secretary

Bangalore, May 30, 2019

Bangalore, May 30, 2019

eMudhra Limited
Statement of Profit and Loss

(Amount in Rs.)

	Notes	For the Year ended March 31, 2019	For the Year ended March 31, 2018
INCOME			
Revenue from operations (refer note 35)		900,333,118	733,152,975
Other income	23	862,743	5,130,268
Total revenue		901,195,861	738,283,243
EXPENSES			
Operating expenses	24	91,355,128	106,086,399
Purchases of stock-in-trade	25	204,291,924	139,546,899
Purchase of DSC (Refer Note 37)		18,991,740	64,646,433
Changes in inventories of stock-in-trade	26	571,824	1,393,207
Employee benefit expense	27	260,111,184	185,661,300
Financial costs	28	5,206,014	1,171,238
Depreciation and amortization expense	29	65,400,551	41,572,823
Other expenses	30	114,921,738	101,624,865
Total Expense		760,850,102	641,703,163
Profit before Exceptional and Extraordinary Items and Tax		140,345,759	96,580,079
Profit(loss) before tax		140,345,759	96,580,079
Tax Expense:			
Current tax		38,193,176	22,881,048
Deferred tax		1,263,733	(9,111,000)
Profit/(loss) after tax		100,888,850	82,810,032
Dividend Paid on preference shares		5,833,573	2,372,201
Profit/(loss) for the year		95,055,277	80,437,831
Earnings per equity share(Nominal value of Rs.5 per share)	32		
Basic		1.44	1.17
Diluted		1.44	1.17
Other notes to accounts	1		
Summary of significant accounting policies	2		

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

As per our report of even date

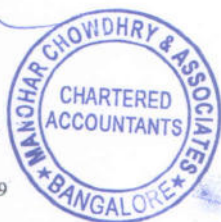
For and on behalf of the Board of Directors

For Manohar Chowdhry & Associates
Firm Registration Number: 001997S
Chartered Accountant

V Srinivasan
Chairman
DIN: 00640646

Venu Madhava
Director
DIN: 06748204

Ashok Kumar Doddi
Partner
Membership No: 217909



Bangalore, May 30, 2019

Saji K Louiz
Chief Financial Officer

Johnson Xavier
Company Secretary

Bangalore, May 30, 2019

1. General Information

eMudhra Limited is a public limited company engaged in providing various solutions and services like digital signatures, authentication solutions, paperless office solutions and other solutions around PKI technology. eMudhra is a licensed certifying authority under the Information Technology Act, 2000.

Founded in 2008 from the seed of digital signatures, eMudhra has since grown to establish strong roots in solutions providing security to enterprises and end consumer for online transactions. eMudhra strive to stay relevant in the PKI and online security space by optimizing a market-based approach to drive solutions that address our customers' financial and statutory needs. eMudhra's products includes digital signature certificates, authentication solutions, paperless office solutions, solutions for securing data at rest and data in transit, solutions for Internet of Things (IoT), etc.

2. Summary of significant accounting policies

I. Basis of Preparation of Accounts

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, the existing Accounting Standards notified under the Companies Act, 2013 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2014, as amended] and other relevant provisions of the Companies Act, 2013.

II. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

III. Tangible Assets

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any, except in case of land. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. The company capitalises all costs relating to the acquisition, installation and construction of fixed assets, up to the date when the assets are ready for commercial use.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value and are shown separately in the financial statements. Any expected loss is recognised in the Statement of Profit and Loss, losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation on additions/ deletions to fixed assets is calculated on pro-rata basis from/upto the date of such additions/ deletions. The Company provides depreciation on straight-line basis method at the rates specified under Schedule II to the Act.

IV. Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on straight-line basis over a period of 10 years, based on management estimate. The amortization period and the amortization method are reviewed at the end of each financial year.

V. Investments

Long term investments are carried at cost and necessary provisions are made to recognize any decline, other than temporary, in the value of such investments.

Current investments are carried at the lower of cost and fair value and provision is made to recognize any decline in the carrying value.

VI. Inventories

Inventories are valued at the lower of cost, computed on a FIFO basis and estimated net realizable value.

VII. Revenue Recognition

The company use the following methods while recognizing revenue for any given period

1. Percentage-of-completion method in accounting for its fixed price assignments.
2. Digital signature related revenue is accounted based on billing.
3. Revenue from traded materials are accounted on the basis of delivery.

VIII. Other income

Interest: Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

IX. Foreign Currency transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency is reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. With respect to long-term foreign currency monetary items, from April 1, 2011 onwards, the Company has adopted the following policy:

- Foreign exchange difference on account of a depreciable asset, is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset.
- In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortised over the balance period of such long term asset/ liability.

A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

X. Employee Benefits

(a) Defined Contribution Plan

Contribution towards provident fund and pension scheme for employees is made to the regulatory authorities which are recognised by the Income Tax Authorities and administered through appropriate authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

(b) Defined Benefit Plan

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined by an independent actuary (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(c) Other Employee Benefits

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

XI. Borrowing Cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

XII. Current and Deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred

tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company reassesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

XIII. Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

XIV. Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash on hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

XV. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

For Manohar Chowdhry & Associates

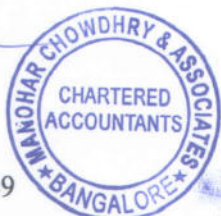
Chartered Accountant

Firm Registration Number: 001997S


Ashok Kumar Doddi

Partner

Membership No: 217909



For and on behalf of the Board of Directors



V Srinivasan

Chairman

DIN: 00640646



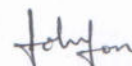
Venu Madhava

Director

DIN: 06748204


Saji K Louiz

Chief Financial Officer



Johnson Xavier

Company Secretary

Bangalore, May 30, 2019

Bangalore, May 30, 2019

3 Share capital

(Amount in Rs, unless otherwise stated)

	As at March 31,2019	As at March 31,2018
Authorised		
12,30,00,000 (2018:12,30,00,000) equity shares of Rs.5 each	615,000,000	615,000,000
2,50,00,000 (2018: 2,50,00,000) redeemable preference shares of Rs.10 each	250,000,000	250,000,000
	865,000,000	865,000,000
Issued		
7,01,79,692 (2018:7,01,79,692) equity shares of Rs.5 each	350,898,460	350,898,460
1,61,00,000 (2018: 1,61,00,000) Preference shares of Rs.10 each	161,000,000	161,000,000
Subscribed & Paid - up		
7,01,79,692 (2018:7,01,79,692) equity shares of Rs.5 each	350,898,460	350,898,460
1,61,00,000 (2018: 1,61,00,000) Preference shares of Rs.10 each	161,000,000	161,000,000
	511,898,460	511,898,460

(a) Reconciliation of number of shares

Equity Shares:

	As at March 31,2019	As at March 31,2018
	Number of shares	Number of shares
Balance at the beginning of the year	70,179,692	70,179,692
Balance at the end of the year	70,179,692	70,179,692

Preference Shares:

	As at March 31,2019	As at March 31,2018
	Number of shares	Number of shares
Balance at the beginning of the year	16,100,000	20,500,000
Less: Redeemed during the year	-	4,400,000
Balance at the end of the year	16,100,000	16,100,000

(b) Rights, preferences and restrictions attached to shares

Equity shares

Equity shares :The company has one class of equity shares having a par value of Rs.5 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion to their share holding.

Preference shares

1,61,00,000 (2018:1,61,00,000) preference share of Rs.10 each. Out of this 1,61,00,000 preference shares are 3% cumulative non convertible preference shares of Rs.10 each which are redeemable on 15.12.2020.

(d)Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

Equity Shares:

	As at March 31,2019	%	As at March 31,2018	%
V Srinivasan	27,973,964	40%	28,975,433	41%
Lakshmi Kaushik	6,201,466	9%	6,201,466	9%
Arvind Srinivasan	6,636,515	9%	6,636,515	9%
eMudhra Employees Stock Option Trust	6,132,801	9%	6,132,801	9%
Taarav Pte Ltd	18,359,123	26%	18,359,123	26%

Preference Shares:

	As at March 31,2019	%	As at March 31,2018	%
3i Infotech Limited	7,500,000	47%	7,500,000	47%
V Srinivasan	5,355,731	33%	5,355,731	33%
Mythili Srinivasan	1,297,707	8%	1,297,707	8%
Kaushik Srinivasan	973,281	6%	973,281	6%
Arvind Srinivasan	973,281	6%	973,281	6%

	As at March 31, 2019	As at March 31, 2018
4 Reserves and surplus		
Securities premium		
Opening balance	(0)	18,792,198
Add: Brought forward on account of amalgamation	-	-
Less: Adjusted against buy-back of preference shares	-	(18,792,198)
Balance as at the end of the year	(0)	(0)
Capital redemption reserve		
Opening balance	89,000,000	45,000,000
Add: transferred during the year	-	44,000,000
Balance as at the end of the year	89,000,000	89,000,000
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	86,693,600	31,463,571
Profit/ (Loss) for the year/period	95,055,277	80,437,831
Deficit brought forward on account of amalgamation	-	-
Transfer to capital redemption reserve	-	(25,207,802)
Balance as at the end of the year	181,748,877	86,693,600
	270,748,877	175,693,600
5 Long-term borrowings		
Secured term loans:		
From Bank	113,356,919	34,126,000
	113,356,919	34,126,000
Nature of security and terms of repayment for secured borrowings:		
Nature of security	Terms of Repayment	
Term loan from Canara Bank amounting to Rs. 15,00,00,000 for construction of Digital Signature Compus building in KIADB IT Park, Devenahalli, Bangalore, out of which only Rs. 12,36,47,000 has been utilised till March 2019.	To be repaid within 108 months with repayment holiday period of 27 months (construction/implementation period 21 months + 6 months repayment holiday from DCCO.)	
1. Primery Security: Proposed memorandum of deposit of title deeds of lease hold property (leased for 99 years) KIADB land located at plot no 12-P1-A & 12-P1-B of Bangaluru Industrial area in Sy No 95/P & 7 (Block no 21, 22 & 24) of B K Palya village, jala Hobli, Bangalore North taluk, Bangaluru Urban Dist measuring land 3 acres standing in the name of the company valued Rs. 9,90,00,000.	The loan repayment will start from 30-Jun-2019.	
2. Collatral Security: Property standing in the name of Mr. V Srinivasan and memorandum of deposit of title deeds of flat no. 1 standing in the name of Cedar Grove Real Estate Private Limited.	Rate of Interest = 12% (MCLR + 2.70 + 0.85 LP)	
3. Personal guarantee of Mr. V Srinivasan and Corporate guarantee of Cedar Grove Real Estate Pvt Ltd.		
6 Other long-term liabilities		
Trade deposits	2,525,000	2,550,000
Income received in advance	2,978,368	8,688,798
	5,503,368	11,238,798
7 Deferred tax liabilities (net)		
Deferred tax on account of:		
Depreciation	3,102,134	1,838,401
	3,102,134	1,838,401
8 Long-term provisions		
Provision for employee benefits: (refer note 31)		
Provision for gratuity	13,321,177	8,763,928
Provision for compensated absences	4,197,382	3,547,130
	17,518,559	12,311,058

	As at March 31, 2019	As at March 31, 2018
9 Short-term borrowings		
Unsecured		
From wholly owned subsidiary company	47,900,000	-
Secured		
From scheduled banks*		
Working capital loan	76,959,049	48,745,401
Current maturity of term loan(refer note 5)	10,290,081	-
	<u>135,149,130</u>	<u>48,745,401</u>
* The company has availed working capital facility from Canara Bank. This loan is repayable on demand.		
Nature of Security:		
1. Primery Security: Secured against receivables and inventory of the company.		
2. Collateral Security: (a) Proposed memorandum of deposit of title deeds of lease hold property (leased for 99 years) KIADB land located at plot no 12-P1-A & 12-P1-B of Bangaluru Industrial area in Sy No 95/P & 7 (Block no 21, 22 & 24) of B K Palya village, jala Hobli, Bangalore North taluk, Bangaluru Urban Dist measuring land 3 acres standing in the name of the company valued Rs. 9,90,00,000.		
(b) Property standing in the name of Mr. V Srinivasan and memorandum of deposit of title deeds of flat no. 1 standing in the name of Cedar Grove Real Estate Private Limited.		
(c) Personal guarantee of Mr. V Srinivasan and Corporate guarantee of Cedar Grove Real Estate Pvt Ltd.		
10 Trade payables		
Trade payables (refer note 36)	42,844,647	13,419,123
	<u>42,844,647</u>	<u>13,419,123</u>
11 Other current liabilities		
Capital creditors	2,167,158	1,575,534
Income received in advance	15,807,966	8,071,351
Statutory dues (Including provident fund and tax deducted at source)	26,337,976	7,160,418
DSC Portal deposit	11,674,810	15,761,696
Employee benefits payable	21,805,728	12,821,395
Other payables towards contractual obligations	9,762,883	14,263,990
Payable to wholly owned subsidiary (refer note no - 34)	-	6,315,250
	<u>87,556,522</u>	<u>65,969,634</u>
12 Short-term provisions		
Provision for employee benefits:		
(refer note 31)		
Provision for gratuity	1,200,000	1,200,000
Provision for compensated absences	933,470	916,671
	<u>2,133,470</u>	<u>2,116,671</u>

13 Tangible assets

(Amount in Rs.)

	Gross Block				Depreciation Block		Net Block			
	April 1, 2018	Additions	(Adjustments)	(Disposals)	March 31, 2019	April 1, 2018	For the year	(Disposals)	March 31, 2019	March 31, 2018
Own Assets:										
Leasehold land*	83,001,215	6,251,000		-	89,252,215	1,676,793	849,062	-	2,525,855	81,324,422
Building	31,972,469	-		-	31,972,469	2,151,726	1,070,634	-	3,222,360	29,820,743
Computer and hardware	43,600,101	10,278,009		-	53,878,110	33,788,194	3,814,098	-	37,602,292	16,275,818
Motor vehicles	6,205,721			-	6,205,721	2,471,432	637,446	-	3,108,878	9,811,907
Office equipment's	23,855,957	6,863,490		-	30,719,447	11,531,342	3,635,731	-	15,167,073	3,734,289
Leasehold building	1,454,995	-		-	1,454,995	1,437,166	-	-	1,437,166	12,324,615
										17,829
Total	190,090,458	23,392,499	-	-	213,482,957	53,056,653	10,006,971	-	63,063,624	137,033,805

14 Intangible assets

(Amount in Rs.)

	Gross Block			Amortisation Block		Net Block			
	April 1, 2018	Additions	(Adjustments)	(Disposals)	March 31, 2019	For the year	(Disposals)	March 31, 2019	March 31, 2018
Identity & Transaction Management Application	441,729,311	125,940,001	-	-	567,669,312	221,581,574	-	270,263,685	220,147,737
DSC online trading software	63,377,897	-	-	-	63,377,897	9,574,873	-	16,069,907	53,803,024
Computer Software	7,878,043	2,506,559	-	-	10,384,602	6,580,943	-	6,797,378	1,297,100
Brand	608,750	-	-	-	608,750	608,750	-	608,750	0
total	513,594,001	128,446,560	-	-	642,040,561	238,346,140	-	293,739,720	275,247,861

*Note: The lease hold land measuring 12140.00 Sq. Mtrs located at plot no. 12- P1-A & 12- P1-B (Corner) of Bengaluru IT Park Industrial Area in SY nos. 95/P & 7 (Block no.21.22 & 24- Part) of B K Palya Village, Jala Hobli, Bengaluru North Taluk, has been allotted to our company by Karnataka Industrial Areas Development Board as per the allotment letter no. KIADB/HO/Allot/AS/20017/8927/15-16 dated 23.09.2015. The company has later obtained possession certificate vide letter no. IADB/AE/30017/158/2015-16 dated 29.03.2016. This has been allotted for a leasehold period of 99 years beginning from possession date. This land is mortgaged against term loan of Rs. 15,00,00,000 by Canara bank vide letter number BLR SMES CR 8915 CKS 2016-17 dated 9th March 2017.

eMudhra Limited

Notes forming part of the Financial Statements

(Amount in Rs.)

	As at March 31,2019	As at March 31,2018
15 Non-current investments		
Quoted instruments:-		
Investment In Mutual Fund:		
Investment In mutual fund	1,500,000	1,500,000
(1,50,000 (2018: 15,00,000) units of Canara robeco protection oriented fund - regular growth plan at par value of Rs.10 each)		
Unquoted equity/preference instruments:-		
Investments in subsidiary companies:		
Investment in Emudhra Mu Limited	145,777,622	145,777,622
(7,158,477 (2018:7,158,477) equity shares of face value of MUR10 each)		
Investment in Emudhra Technologies Ltd	25,500,000	25,500,000
(Previously known as Veda Semantics Pvt Limited)		
(29,505,520 (2018:29,505,520) equity shares of face value of Rs. 10		
Investment in Emudhra Consumer Services Ltd	50,000,000	-
(50,00,000 (2018: Nil) equity shares of face value of Rs.10 each)		
	<u>222,777,622</u>	<u>172,777,622</u>
16 Long term loans and advances		
Unsecured, considered good		
Capital advances	95,000	95,000
Deposits:		
Security deposits	15,701,950	14,035,306
Tender deposits	1,242,276	1,389,275
	<u>17,039,226</u>	<u>15,519,581</u>
Other loans and advances		
Income tax Provision (net of TDS)	529,414	63,069
Other advances	903,082	52,943
	<u>1,432,495</u>	<u>116,012</u>
Other non current assets		
Others		
Advances to Emudhra employees stock option trust	30,674,003	30,674,003
Long term deposits with bank with maturity period more than 12 months [Refer note below]	5,631,160	12,274,300
	<u>36,305,163</u>	<u>42,948,303</u>
	<u>54,776,884</u>	<u>58,583,896</u>
Note: Rs.56,31,160 held as lien by banks against bank guarantees.		
17 Inventories		
Details of stock- in- trade		
Crypto token	2,804,948	3,376,771
	<u>2,804,948</u>	<u>3,376,771</u>
18 Trade receivables		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	15,496,949	16,786,017
Others	109,223,626	37,738,116
	<u>124,720,576</u>	<u>54,524,133</u>

eMudhra Limited
Notes forming part of the Financial Statements

(Amount in Rs.)

	As at March 31, 2019	As at March 31, 2018
19 Cash and cash equivalents		
Cash on hand	255,107	283,544
Bank Balances :		
In current accounts	15,861,790	57,927,967
	<u>16,116,897</u>	<u>58,211,511</u>
20 Short-term loans and advances		
Unsecured, considered good		
Other advances	7,949,132	2,275,991
Unbilled revenue	34,435,800	23,186,040
Capital advances	806,594	11,049,520
Balances with government authorities	622,984	6,622,984
Prepaid expenses	13,943,175	8,236,159
	<u>57,757,684</u>	<u>51,370,694</u>
21 Other current assets		
Interest accrued on fixed deposit	459,287	1,741,728
	<u>459,287</u>	<u>1,741,728</u>

eMudhra Limited

Notes forming part of the Financial Statements

(Amount in Rs.)

	As at March 31,2019	As at March 31,2018
22 Contingent liabilities		
Bank guarantees (secured against fixed deposits)	10,134,493	12,274,300
Proposed dividend(excluding dividend distribution tax)	4,830,000	4,830,000
Income tax Appeal(refer note (a) below)	15,150,000	-
Legal Case(refer note (b) below)	9,00,000	-
	<u>30,114,493</u>	<u>17,104,300</u>

Note:

(a) During the year, the company has received notice under section 148 of the Income Tax Act for the income escaping assessment relating to the AY 2011-12. The matter has been strongly objected by the company citing that the matter was previously taken for scrutiny assessment under section 143(3) of the said Act and therefore time barred. Simultaneously we have moved appeal in the Honourable High Court of Karnataka and stay has been obtained. The final verdict is still pending. We have computed the liability by considering the tax rate as 30% on the amount disallowed of Rs.5.05 crore and interest element is not considered.

(b) This case is for non-acceptance of sales return against sales made in earlier years on non-returnable basis and the matter is pending under District Legal Services Authority, Munger.

	For the Year ended March 31, 2019	For the Year ended March 31, 2018
23 Other income		
Interest Income	775,921	1,549,187
Interest on income tax refund	-	381,081
Other income	10,481	-
Provisions no longer required written back	76,341	3,200,000
Total	862,743	5,130,268
24 Operating expenses		
Distributor commission	57,360,995	58,906,391
DSC collection and verification charges	275,504	12,682,117
Other direct operating expenses	24,495,152	26,295,896
Payment gateway charges	4,596,785	4,811,968
Postage and courier charges	3,653,086	3,023,410
Foreign exchange Loss	973,606	366,617
	91,355,128	106,086,399
25 Purchases of stock-in-trade		
Purchase of hardware's	204,291,924	137,529,011
Purchase of PAN coupon	-	2,017,888
	204,291,924	139,546,899
26 Changes in inventories of stock-in-trade		
Finished Goods:		
Opening stock:		
Crypto token	3,376,771	4,392,094
PAN coupons	-	377,884
	3,376,771	4,769,978
Closing stock:		
Crypto token	2,804,948	3,376,771
Closing stock	2,804,948	3,376,771
Total	571,824	1,393,207
27 Employee benefit expense		
Salary and allowances to employees	235,114,487	168,187,352
Contribution towards employee funds	7,609,530	5,866,375
Staff welfare expenses	17,387,168	11,607,573
Total	260,111,184	185,661,300
28 Financial costs		
Interest expense	5,206,014	1,171,238
Total	5,206,014	1,171,238
29 Depreciation and amortization expense		
Amortization on intangible assets	55,393,580	33,594,928
Depreciation on tangible assets	10,006,971	7,977,895
Total	65,400,551	41,572,823

	For the Year ended March 31, 2019	For the Year ended March 31, 2018
30 Other expenses		
Office maintenance expense	7,918,102	8,687,565
Electricity expense	7,759,547	6,914,676
Business promotion and advertisement	15,636,597	13,762,250
Miscellaneous expense	1,304,183	365,579
Communication expenses	8,036,940	6,487,893
Insurance expenses	1,999,396	980,228
Information technology expenses	2,693,462	3,952,054
Legal and professional expenses	14,452,059	14,502,126
Auditors' remuneration:		
- Statutory audit fee	650,000	650,000
- Other services	150,000	-
- Other consultancy services	35,000	117,500
Membership charges	814,140	355,961
Meeting and conference expenses	1,961,914	868,661
Printing and stationary	1,144,192	1,176,387
Fees rates and taxes	4,407,749	1,888,747
Recruitment and training expenses	701,278	1,520,180
Repair and maintenance	3,037,454	4,012,507
Travelling, boarding and lodging expenses (Refer Note no 33)	13,418,809	9,548,793
Local conveyance	2,818,973	1,698,319
Rent	24,280,392	22,611,776
Contribution for corporate social responsibility expenses (Refer Note No 39)	1,701,550	1,523,663
Total	114,921,738	101,624,865

31 Disclosures under accounting standard 15

a) Post Retirement Benefit- Defined Contribution Plans

The Company has recognised an amount of Rs.63,75,607 (2018: Rs. 49,83,508) as expenses under the defined contribution plans in the Statement of Profit and Loss in respect of contribution to Provident Fund for the year ended March 31, 2019.

b) Post Retirement Benefit- Defined Benefit Plan

The Company makes provision for gratuity based on actuarial valuation done on projected unit credit method at each balance sheet date.

The Company makes annual contribution to the Gratuity Fund Trust which is maintained by LIC of India, a defined benefit plan for qualifying employees. The Scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment as per provisions of Payment of Gratuity Act, 1972.

The present value of the defined benefit obligation and the related current service cost are measured using the projected unit credit method with actuarial valuation being carried out at the balance sheet date.

(i) Present Value of Defined Benefit Obligation - Gratuity

	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Balance at the beginning of the year	12,434,198	11,100,509
Current service cost	3,201,324	3,346,278
Interest cost	872,146	757,449
Actuarial (gain)/loss	3,824,719	(2,210,410)
Benefits paid	(908,353)	(559,628)
Balance at the end of the period/ year	19,424,034	12,434,198

(ii) Fair value of Plan Assets

Balance at the beginning of the year	3,353,617	1,647,940
Expected return on plan assets	291,583	205,120
Contribution	1,976,654	2,236,345
Actuarial gain/(loss)	189,356	(176,160)
Benefits paid	(908,353)	(559,628)
Balance at the end of the year	4,902,857	3,353,617

(iii) Assets and liabilities recognised in the Balance Sheet

Present value of defined benefit obligation	19,424,034	12,434,198
Present value of plan assets	4,902,857	3,353,617
Amount recognised as assets/(liability)	(14,521,177)	(9,080,581)

Recognised under:

Long term provision (Refer Note 8)	(13,321,177)	(8,763,928)
Short term provision (Refer Note 12)	(1,200,000)	(1,200,000)
Total	(14,521,177)	(9,963,928)

(iv) Expenses recognised in the Statement of Profit and Loss

Current service cost	3,201,324	3,346,278
Interest cost	872,146	757,449
Expected return plan assets	(291,583)	(205,120)
Actuarial (gain)/loss	3,635,363	(2,034,250)
Total expenses	7,417,250	1,864,357

(v) Major Category of Plan Assets as % of total Plan Assets

	As at March 31,2019	As at March 31,2018
Insurer managed funds	100%	100%
(vi) Actuarial assumptions		
Discount rate	7.17%	7.28%
Salary growth	10.00%	10.00%
Attrition rate	15.00%	20.00%
Expected rate of return on plan assets	7.50%	7.50%

(vii) Amounts recognised in current period and previous five years

	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Present value of obligation	19,424,034	12,434,198	11,100,509	6,111,773	3,711,413
Present value of plan assets	4,902,857	3,353,617	1,647,940	1,646,215	495,939
Amount recognised in balance sheet (Liability)/asset	(14,521,177)	(9,080,581)	(9,452,569)	(4,465,558)	(3,215,474)

(viii) Expected contribution to the fund next year

	As at March 31, 2019	As at March 31, 2018
Gratuity	1,200,000	1,200,000

Notes:

- 1) The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligation.
- 2) Expected rate of return on plan assets is based on our expectation of the average long term rate of return expected on investment of the fund during the estimated term of the obligations.
- 3) The salary escalation rate is the estimate of future salary increase considered taking into account the inflation, seniority, promotion and other relevant factors.

Other employee benefit plan: The liability for leave encashment and compensated balances as at year end is Rs 51,30,852 (2018: Rs. 44,63,801).

eMudhra Limited

Notes forming part of the Financial Statements

(Amount in Rs, unless otherwise stated)

		For the Year ended March 31, 2019	For the Year ended March 31, 2018
32 Earnings per share			
Basic:			
Profit after tax	A	100,888,850	82,810,032
Weighted average number of shares outstanding	B	70,179,692	70,179,692
Basic EPS	A/B	1.44	1.18
Diluted			
Profit after tax	A	100,888,850	82,810,032
Weighted average number of shares outstanding	B	70,179,692	70,179,692
Diluted EPS	A/B	1.44	1.18
33 Foreign Exchange Earnings / Expenses			
Foreign exchange earned		43,264,176	17,799,700
Foreign exchange used		103,069,526	22,017,530

34 Related party disclosures

A. Disclosure related to subsidiary and associate companies

(A.1) Particulars of subsidiary and associate companies :

Sl No	Name of the company	Address	Relationship	% of shares held
1	eMudhra (MU) Limited	10, Frere Felix de Valois Street, Port Louis, Mauritius	Subsidiary	100%
2	eMudhra Technologies Limited	#56, Sai Arcade, Deverabesahalli, Bangalore, Karnataka	Subsidiary	100%
3	eMudhra Consumer Service Limited	#56, Sai Arcade, Deverabesahalli, Bangalore, Karnataka	Subsidiary	100%
4	Smart Craft Pvt Limited	#56, Sai Arcade, Deverabesahalli, Bangalore, Karnataka	Associate	NA
5	Bluesky Infotech	G-5, Anathi Apartments, No 150 Habibullah Road, T. Nagar Chennai 600017	Associate	NA

(A.2) Summary of transactions with subsidiary and associate companies

Sl No	Summary of Transactions	Subsidiary Company		Associate Company	
		Mar-19	Mar-18	Mar-19	Mar-18
1	Purchase of Fixed Assets	65,901,646	-	-	-
2	Expenses incurred on Behalf / Income	1,528,665	-	192,019	282,951
3	Sales of services/products	11,643,650	-	194,380,248	64,043,073
4	Receiving of services	10,475,160	12,925,250	10,618,504	20,629,015
5	Purchase of products	78,037,680	36,320,400	357,805	-
6	Receipt of loan	48,000,000	-	-	-
7	Repayment of loan	100,000	-	-	-
8	Investment in equity shares	50,000,000	-	-	-
9	Interest on unsecured loan	2,639,618	-	-	-

(A.3) Detailed transaction / balances of subsidiary and associate companies

Sl No	Particulars	Transactions		Balances	
		Mar-19	Mar-18	Mar-19	Mar-18
1	Purchase of Fixed Assets				
	eMudhra (MU) Limited	65,901,646			
2	Expenses incurred on behalf and reimbursed				
	Smart Craft Private Limited	72,019	182,951.00	-	-
	Bluesky Infotech	120,000	100,000.00	-	-
	eMudhra Technologies Limited	1,526,215	-	-	-
	eMudhra Consumer Service Limited	2,450	-	-	-
3	Sales of Products				
	Bluesky Infotech	110,967,587	47,214,250	-	-
	Smart Craft Private Limited	1,756,661	5,078,823	-	-
4	Sales of Services				
	Bluesky Infotech	81,656,000	11,750,000	-	-
	eMudhra Technologies Limited	11,643,650	-	-	-
5	Purchase of products				
	eMudhra Technologies Limited	78,037,680	36,320,400	-	-
	Smart Craft Private Limited	116,200	-	-	-
	Bluesky Infotech	241,605	-	-	-
6	Receiving of services				
	eMudhra (MU) Limited	10,475,160	12,925,250	-	6,315,250
	Smart Craft Private Limited	579,345	15,791,126	-	-
	Bluesky Infotech	10,039,159	4,837,889	-	-
7	Receipt of loan				
	eMudhra Consumer Service Limited	48,000,000	-	47,900,000	-
8	Repayment of loan				
	eMudhra Consumer Service Limited	100,000	-	-	-
9	Investment in equity shares				
	eMudhra Consumer Service Limited	50,000,000	-	50,000,000	-
10	Interest on unsecured loan				
	eMudhra Consumer Service Limited	2,639,618	-	-	-

B. Disclosure related to director and key managerial personnel

(B.1) Particulars of director and key managerial personnel :

Sl No	Key managerial personnel	Relationship
1	V. Srinivasan	Chairman and director
2	Venu Madhava	Wholtime director
3	Kaushik Srinivasan	Related to chairman and director
4	Mythili Srinivasan	Related to chairman and director
5	Arvind Srinivasan	Related to chairman and director
6	Johnson Xavier	Company secretary
7	Saji K Louiz	Chief financial officer

(B.2) Summary of transactions director and key managerial personnel

Sl No	Summary Transactions	Mar-19	Mar-18
1	Investment/ (Redemption) in preference shares	-	(44,000,000)
2	Receipt of loan	25,000,000	-
3	Repayment of loan	25,000,000	9,126,100
4	Salary and allowances paid	11,438,609	12,744,900
5	Preference dividend paid	2,579,999	2,579,999

(B.3) Detailed transaction / balances of subsidiary and associate companies

Sl No	Particulars	Transactions		Balances	
		Mar-19	Mar-18	Mar-19	Mar-18
1	Investment/ (Redemption) in perf shares				
	V. Srinivasan	-	(44,000,000)	-	-
2	Receipt of loan				
	V. Srinivasan	25,000,000	-	-	-
3	Repayment of loan				
	V. Srinivasan	25,000,000	9,126,100		
4	Salary and allowances paid				
	Venu Madhava	3,309,138	3,614,850	-	-
	Kaushik Srinivasan	4,065,188	4,358,952	-	-
	Saji K Louiz	2,921,616	717,996	-	-
	Johnson Xavier	1,142,667	1,161,120	-	-
5	Preference dividend paid				
	V. Srinivasan	1,606,719	1,606,719		
	Mythili Srinivasan	389,312	389,312		
	Kaushik Srinivasan	291,984	291,984		
	Arvind Srinivasan	291,984	291,984		

Note:

1. The information disclosed above is based on the names of the parties as identified by the management, which has been relied upon by the auditors.
2. Provision for leave encashment and group gratuity which is based on actuarial valuation done on overall company basis is excluded while arriving at salary and allowances
3. The Salary and allowances paid to key managerial persons includes leave encashment and incentive but doesn't includes PF contribution and other indirect benefits
4. The names of the related parties with whom the transaction has been carried out only has been reported.
5. During the year, the KMP's have met various office expenses from credit cards and the same has been reimbursed directly to the credit card by the company. Such reimbursements to the the credit cards are not included in the table above, which is amounting to Rs.12,320,743(2018:Rs. 15,138,756).

	For the Year ended March 31, 2019	For the Year ended March 31, 2018
35 Revenue from Operation:		
Revenue from digital signature and accessories	654,062,351	438,360,678
Revenue from Software services and accessories (Including Export sale)	246,270,768	294,792,297
	900,333,118	733,152,975
36 Micro small and medium enterprises		
There are no micro, small and medium enterprises, to which the company owes dues, or with which the company had transactions during the period, based on the information available with the company, which has been relied upon by the auditors.		
37 Purchase of DSC		
Effective from August 2017 the controller of certifying authorities has issued a direction that the DSC shall be sold and invoiced directly to end customers. Hitherto the company was selling stock to its RA, who were selling to sub-RA, who in turn used to sell to end customers. In view of this order, where no new stock could be sold, as and when the RA/sub-RA bring customers for new sale, a refund towards their stock had to be given. The impact of the same for the current financial year is Rs.1,89,91,740/-. The opening balance of unutilised stock available with RA as at 31-Mar-2018 was 3,68,931 and the closing balance of stock as at 31-Mar-2019 is nil.		
38 Previous period figures		
The previous year figures have been reclassified to conform to this year classification.		
39 Contribution for corporate social responsibility expenses		

Financial Year	Net Profit Amount (Rs)
2015-16	56,392,965
2016-17	93,747,554
2017-18	82,810,032
Average Net profits	77,650,184
2% of Avg.Net profit	1,553,004
Total amount to be spent during financial year 2018-19	1,553,004
Actual Amount spent during financial year 2018-19	1,701,550
Unspent amount	-

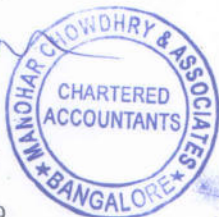
The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Manohar Chowdhry & Associates
Firm Registration Number: 001997S
Chartered Accountant

Ashok Kumar Doddi
Partner
Membership No: 217909

Bangalore, May 30, 2019



For and on behalf of the Board of Directors

V Srinivasan
Chairman
DIN: 00640646

Venu Madhava
Director
DIN: 06748204

Saji K Louiz
Chief Financial Officer

Johnson Xavier
Company Secretary

Bangalore, May 30, 2019

Manohar Chowdhry & Associates

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the Members of eMudhra Limited

Report on the Audit of Standalone Financial Statements

Opinion

We have audited the standalone financial statements of eMudhra Limited ("the Company") which comprise the standalone balance sheet as at March 31, 2019, and the standalone statement of profit and loss, and the standalone statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 (financial position) of the Company as at March 31, 2019, and its profit, and its cash flows for the year 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 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 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.



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

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures thereto, but 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 financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

Responsibility of Management and those charged with governance for the financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (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, read with relevant rules issued there under. 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, the Board of Directors 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 the Board of Directors 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 Responsibility for the Audit of 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.

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 Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls 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.

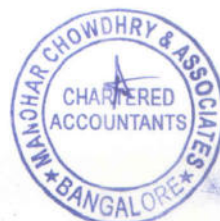
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure - A**" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, 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 Auditors' 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:
- The Company does not have any pending litigations which would impact its financial position;
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Bangalore
Date: May 30, 2019

For **Manohar Chowdhry & Associates**
Chartered Accountants
Firm Registration No: 001997S



Ashok Kumar Doddi
Partner
Membership No: 217909

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 2 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2019:

- (i)
- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program fixed assets were physically verified by the Management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - c) According to the information and explanations given to us, the records examined by us and based on the examination of the deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are in the name of the Company as at the Balance Sheet date. In respect of the immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company.
- (ii) *According to the information and explanation provided by the management no physical verification of inventory is done during the year.*
- (iii) As informed to us, The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- (iv) According to the information and explanations given to us, the Company has complied with provisions of Section 185 and 186 of the Act, with respect to the investments made.
- (v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered by the Company.



(vii)

- (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Goods and service tax, cess and any other statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2019 for a period of more than six months from the date on when they become payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, goods & Service Tax outstanding on account of any dispute, except for the following:

Name of the Statute	Nature of Dues	Amount (RS.)	Period to which amount relates	Forum where dispute is pending
Income Tax	Appeal	1,51,50,000	Assessment year 2011-12	High court.

- (viii) According to the records of the Company examined by us and the information/explanation provided to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.
- (ix) As per explanation provided to us, the company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the order is not applicable.
- (x) As per the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) As per the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013;
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.



- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- (i) As informed by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- (ii) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon

Place: Bangalore

Date: May 30, 2019

For Manohar Chowdhry & Associates

Chartered Accountants

Firm Registration No: 001997S



Ashok

Ashok kumar Doddi

Partner

Membership No: 217909

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS**Report on the Internal Financial Controls Over Financial Statements under Clause (i) of sub – section (3) of section 143 of the Act.**

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

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an



audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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:

- i. Pertain to the maintenance of records that, in reasonable details, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- ii. 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



- iii. 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


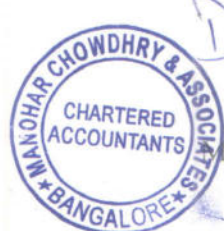
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal 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.

Opinion

In our opinion, 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: Bangalore
Date: May 30, 2019

For Manohar Chowdhry & Associates
Chartered Accountants
Firm Registration No: 001997S



Ashok Kumar Doddi
Partner
Membership No: 217909

eMudhra Limited
Consolidated Cash Flow Statement

(Amount in Rs.)

	Year ended March 31, 2019	Year ended March 31, 2018
Cash flow from operating activities		
Profit before tax	210,988,916	92,968,908
Adjustments for :		
Depreciation	84,196,335	60,891,718
Interest income	(868,637)	(1,549,188)
Interest expenses	2,566,396	1,171,238
Operating profit before working capital changes	296,883,010	153,482,676
Changes in working capital:		
(Increase)/decrease in inventories	571,824	1,393,207
(Increase)/decrease in trade receivables	(154,808,413)	(28,360,580)
(Increase)/decrease in loans and advances	1,423,334	(46,666,747)
Increase/ (decrease) in current liabilities	58,561,862	(9,810,305)
Cash generated from operations	202,631,617	70,038,251
Direct taxes paid (net of refunds)	(40,858,143)	(20,702,498)
Net cash from operating activities	161,773,474	49,335,753
Cash flow from investing activities		
Purchase of tangible/intangible assets	(313,079,832)	(71,260,856)
Goodwill on consolidation	(1,959,275)	4,362,297
Assets acquired on consolidation	(1,523,611)	(2,117,687)
Investment in units of quoted mutual fund	-	(1,500,000)
Interest received	2,085,424	772,908
Net cash from / (used in) investing activities	(314,477,294)	(69,743,338)
Cash flow from financing activities		
Receipt (payment) of long term borrowing	79,230,919	34,126,000
Redemption of preference share capital	-	(44,000,000)
Dividend paid including dividend distribution tax	(5,833,573)	(2,294,777)
Foreign Exchange Movement on account of consolidation	1,047,432	(398,218)
Proceeds (repayment) from short term borrowings	38,503,729	(7,980,896)
Interest paid	(2,566,396)	(1,171,238)
Net cash from / (used in) financing activities	110,382,111	(21,719,129)
Net increase/decrease in cash and cash equivalents	(42,321,708)	(42,126,714)
Cash and cash equivalents at the beginning of the period	65,581,790	107,708,504
Cash and cash equivalents at the end of the period	23,260,082	65,581,790
Cash and cash equivalents comprises of:		
Cash on hand	255,107	283,544
Balance with banks		
In current accounts	23,004,975	59,345,298
Deposit accounts	-	5,952,949
Total	23,260,082	65,581,791

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board of Directors

For Manohar Chowdhry and Associates
Firm Registration Number: 001997S
Chartered Accountant

V Srinivasan
Chairman
DIN: 00640646

Venu Madhava
Director
DIN: 06748204

Ashok Kumar Doddi
Partner
Membership No: 217909

Saji K Louiz
Chief Financial Officer

Johnson Xavier
Company Secretary

Bangalore, May 30, 2019

Bangalore, May 30, 2019



eMudhra Limited
Consolidated Balance Sheet

(Amount in Rs.)

	Notes	As at March 31, 2019	As at March 31, 2018
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share capital	3	511,898,460	511,898,460
Reserves and surplus	4	315,569,499	151,488,599
Non-current liabilities			
Long-term borrowings	5	113,356,919	34,126,000
Other long-term liabilities	6	5,503,368	11,238,798
Deferred tax liabilities (net)	7	3,102,134	1,838,401
Long-term provisions	8	17,518,559	12,311,058
Current liabilities			
Short-term borrowings	9	87,249,130	48,745,401
Trade payables	10	42,936,036	13,794,198
Other current liabilities	11	91,422,979	60,275,039
Short-term provisions	12	2,133,470	2,116,671
Total		1,190,690,555	847,832,626
ASSETS			
Non-Current Assets			
Fixed assets			
Tangible assets	13	150,458,608	136,305,004
Intangible assets	14	460,679,319	397,527,845
Tangible assets under development		200,276,124	37,895,287
Intangible asset under development		17,373,697	26,593,838
Goodwill on consolidation		4,642,169	2,682,894
Non-current investments	15	1,500,000	1,500,000
Long term loans and advances	16	56,100,471	65,235,668
Current Assets			
Inventories	17	2,804,948	3,376,771
Trade receivables	18	209,466,045	54,657,633
Cash and cash equivalents	19	23,260,082	65,581,791
Short-term loans and advances	20	63,604,151	54,734,167
Other current assets	21	524,942	1,741,728
Total		1,190,690,555	847,832,627
Other notes to accounts	1 & 38		
Summary of significant accounting policies	2		
Contingent liabilities	22		

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

As per our report of even date

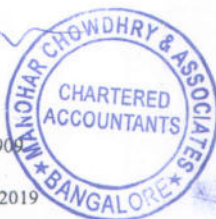
For and on behalf of the Board of Directors

For Manohar Chowdhry & Associates
 Firm Registration Number. 001997S
 Chartered Accountants

V Srinivasan
Chairman
 DIN: 00640646

Venu Madhava
Director
 DIN: 06748204

Ashok Kumar Doddi
Partner
 Membership No. 217900



Saji K Louiz
Chief Financial Officer

Johnson Xavier
Company Secretary

Bangalore, May 30, 2019

Bangalore, May 30, 2019

eMudhra Limited
Consolidated Statement of Profit and Loss

(Amount in Rs.)

	Notes	For the Year ended March 31, 2019	For the Year ended March 31, 2018
INCOME			
Revenue from operations		1,010,265,537	762,535,562
Other income	23	955,459	5,966,843
Total revenue		1,011,220,996	768,502,405
EXPENSES			
Operating expenses	24	112,702,777	120,042,503
Purchases of stock-in-trade	25	203,741,924	138,946,899
Purchase of DSC (Refer Note 37)		18,991,740	64,646,433
Changes in inventories of stock-in-trade	26	571,824	1,393,207
Employee benefit expense	27	260,111,184	185,661,301
Financial costs	28	2,566,396	1,171,238
Depreciation and amortization expense	29	84,196,335	60,891,719
Other expenses	30	117,349,900	102,780,198
Total Expense		800,232,080	675,533,497
Profit before Exceptional and Extraordinary Items and Tax		210,988,916	92,968,908
Profit(loss) before tax		210,988,916	92,968,908
Tax Expense:			
Current tax		40,858,143	23,079,048
Deferred tax		1,263,733	(9,111,000)
Profit/(loss) after tax		168,867,040	79,000,860
Dividend paid on preference shares		5,833,573	2,294,777
Profit/(loss) for the year		163,033,467	76,706,083
Earnings per equity share(Nominal value of Rs.5 per share)	32		
Basic		2.41	1.17
Diluted		2.41	1.17
Other notes to accounts	1		
Summary of significant accounting policies	2		

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

As per our report of even date

For and on behalf of the Board of Directors

For Manohar Chowdhry & Associates
 Firm Registration Number: 001997S
 Chartered Accountant

V Srinivasan
Chairman
 DIN: 00640646

Venu Madhava
Director
 DIN: 06748204

Ashok Kumar Doddi
Partner
 Membership No: 217909



Saji K Louiz
Chief Financial Officer

Johnson Xavier
Company Secretary

Bangalore, May 30, 2019

Bangalore, May 30, 2019

1. General Information

eMudhra Limited is a public limited company engaged in providing various solutions and services like digital signatures, authentication solutions, paperless office solutions and other solutions around PKI technology. eMudhra is a licensed certifying authority under the Information Technology Act, 2000.

Founded in 2008 from the seed of digital signatures, eMudhra has since grown to establish strong roots in solutions providing security to enterprises and end consumer for online transactions. eMudhra strives to stay relevant in the PKI and online security space by optimizing a market-based approach to drive solutions that address our customers' financial and statutory needs. eMudhra's products include digital signature certificates, authentication solutions, paperless office solutions, solutions for securing data at rest and data in transit, solutions for Internet of Things (IoT), etc.

The consolidated financial statement of eMudhra Limited represent the financials of eMudhra Ltd with its 100% foreign subsidiary eMudhra (Mu) Ltd, Indian subsidiaries Emudhra Technologies Limited and Emudhra Consumer Services Limited.

eMudhra (Mu) Limited is a Mauritius based company incorporated in 2013 for providing services like digital signature and other authentication security solutions around PKI technology.

Emudhra Technologies Limited previously known as Emudhra Technologies Private Limited is a public limited company engaged in providing solutions and services like authentication solutions, big data analytics, IT and IT enabled services, web enabled services and other services around PKI technologies.

eMudhra Consumer Service Limited is a public limited company incorporated on 20th August 2018 providing various solutions, software products, IT and IT enabled services, web enabled Services, web filling services, web based payment services, wired and/or wireless connectivity as well as internet connectivity, value added services, electronic commerce, Services in various forms such as voice, mail, chat and collaborating browsing, database, data processing services and e-governance projects.

Summary of significant accounting policies

I. Basis of Preparation of Accounts

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, the existing Accounting Standards notified under the Companies Act, 2013 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2014, as amended] and other relevant provisions of the Companies Act, 2013.

II. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

III. Tangible Assets

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any, except in case of land. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. The company capitalises all costs relating to the acquisition, installation and construction of fixed assets, up to the date when the assets are ready for commercial use.

eMudhra Limited
Notes forming part of the consolidated financial statements

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value and are shown separately in the financial statements. Any expected loss is recognised in the Statement of Profit and Loss, losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation on additions/ deletions to fixed assets is calculated on pro-rata basis from/upto the date of such additions/ deletions. The Company provides depreciation on straight-line basis method at the rates specified under Schedule II to the Act. The leasehold value of the land is amortized over the leasehold period.

IV. Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on straight-line basis over a period of 10 years, based on management estimate. The amortization period and the amortization method are reviewed at the end of each financial year.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The cost which can be capitalized include the cost of material, direct labour and overhead costs that are directly attributable to preparing the assets for the intended use.

V. Investments

Long term investments are carried at cost and necessary provisions are made to recognize any decline, other than temporary, in the value of such investments.

Current investments are carried at the lower of cost and fair value and provision is made to recognize any decline in the carrying value.

VI. Inventories

Inventories are valued at the lower of cost, computed on a FIFO basis and estimated net realizable value.

VII. Revenue Recognition

The company use the following methods while recognizing revenue for any given period

1. Percentage-of-completion method in accounting for its fixed price assignments.
2. Digital signature related revenue is accounted based on billing.
3. Revenue from traded materials are accounted on the basis of delivery.

VIII. Other income

Interest: Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

IX. Foreign Currency transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency is reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. With respect to long-term foreign currency monetary items, from April 1, 2011 onwards, the Company has adopted the following policy:

- Foreign exchange difference on account of a depreciable asset, is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset.
- In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortised over the balance period of such long-term asset/ liability.

A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

In respect of foreign subsidiary

All the assets and liabilities, both monetary and non-monetary items, are translated into the reporting currency at the exchange rate in effect at March 31, 2019 and income and expense items are translated at the average rate applicable for the year ended March 31, 2019. Functional currency of the Company is the Mauritian Rupee ("MUR") and the reporting currency, the Indian Rupee (INR).

X. Employee Benefits

(a) Defined Contribution Plan

Contribution towards provident fund and pension scheme for employees is made to the regulatory authorities which are recognised by the Income Tax Authorities and administered through appropriate authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

(b) Defined Benefit Plan

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum

payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined by an independent actuary (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(c) Other Employee Benefits

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation

towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long-term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

XI. Borrowing Cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

XII. Current and Deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company reassesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

XIII. Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that

arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

XIV. Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash on hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

XV. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

XVI. Impairment of Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased.

For Manohar Chowdhry & Associates

Chartered Accountant

Firm Registration Number: 001997S




Ashok Kumar Doddi

Partner

Membership No: 217909



For and on behalf of the Board of Directors



V Srinivasan

Chairman

DIN: 00640646



Saji K Louiz

Chief Financial Officer



Venu Madhava

Director

DIN: 06748204



Johnson Xavier

Company Secretary

3 Share capital

(Amount in Rs, unless otherwise stated)

	As at March 31,2019	As at March 31,2018
Authorised		
12,30,00,000 (2018:12,30,00,000) equity shares of Rs.5 each	615,000,000	615,000,000
2,50,00,000 (2018: 2,50,00,000) redeemable preference shares of Rs.10 each	250,000,000	250,000,000
	865,000,000	865,000,000
Issued		
7,01,79,692 (2018:7,01,79,692) equity shares of Rs.5 each	350,898,460	350,898,460
1,61,00,000 (2018: 1,61,00,000) Preference shares of Rs.10 each	161,000,000	161,000,000
Subscribed & Paid - up		
7,01,79,692 (2018:7,01,79,692) equity shares of Rs.5 each	350,898,460	350,898,460
1,61,00,000 (2018: 1,61,00,000) Preference shares of Rs.10 each	161,000,000	161,000,000
	511,898,460	511,898,460

(a) Reconciliation of number of shares

Equity Shares:

Balance at the beginning of the year

Balance at the end of the year

Preference Shares:

As at March 31,2019		As at March 31,2018	
Number of shares	Amount	Number of shares	Amount
70,179,692	350,898,460	70,179,692	350,898,460
70,179,692	350,898,460	70,179,692	350,898,460

Balance at the beginning of the year

Less: Redeemed during the year

Balance at the end of the year

As at March 31,2019		As at March 31,2018	
Number of shares	Amount	Number of shares	Amount
16,100,000	161,000,000	20,500,000	205,000,000
-	-	4,400,000	44,000,000
16,100,000	161,000,000	16,100,000	161,000,000

(b) Rights, preferences and restrictions attached to shares

Equity shares

Equity shares :The company has one class of equity shares having a par value of Rs.5 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion to their share holding.

Preference shares

1,61,00,000 (2018:1,61,00,000) preference share of Rs.10 each. Out of this 1,61,00,000 preference shares are 3% cumulative non convertible preference shares of Rs.10 each which are redeemable on 15.12.2020.

(d)Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31,2019	%	As at March 31,2018	%
Equity Shares:				
V Srinivasan	27,973,964	40%	28,975,433	41%
Taarav Pte Ltd	18,359,123	26%	18,359,123	26%
Lakshmi Kaushik	6,201,466	9%	6,201,466	9%
Arvind Srinivasan	6,636,515	9%	6,636,515	9%
eMudhra Employees Stock Option Trust	6,132,801	9%	6,132,801	9%
Preference Shares:				
3i Infotech Limited	7,500,000	47%	7,500,000	47%
V Srinivasan	5,355,731	33%	5,355,731	33%
Mythili Srinivasan	1,297,707	8%	1,297,707	8%
Kaushik Srinivasan	973,281	6%	973,281	6%
Arvind Srinivasan	973,281	6%	973,281	6%

eMudhra Limited
Notes forming part of the Financial Statements

	As at March 31, 2019	As at March 31, 2018
4 Reserves and surplus		
Securities premium		
Opening balance	(0)	18,792,198
Add: Brought forward on account of amalgamation	-	-
Less: Adjusted against buy-back of preference shares	-	(18,792,198)
Balance as at the end of the year	(0)	(0)
Capital redemption reserve		
Opening balance	89,000,000	45,000,000
Add: transferred during the year	-	44,000,000
Balance as at the end of the year	89,000,000	89,000,000
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	95,796,857	44,298,577
Profit/ (Loss) for the year/period	163,033,467	76,706,083
Deficit brought forward on account of amalgamation	-	-
Transfer to capital redemption reserve	-	(25,207,803)
Balance as at the end of the year	258,830,324	95,796,857
Opening Balance	(33,308,257)	(32,910,039)
Retained earnings on consolidation		-
Forex adjustment	1,047,432	(398,218)
Profit/ (Loss) for the year on account of consolidation		-
	(32,260,825)	(33,308,257)
	315,569,499	151,488,599
5 Long-term borrowings		
Secured term loans:		
From Bank	113,356,919	34,126,000
	113,356,919	34,126,000
Nature of security and terms of repayment for secured borrowings:		
Nature of security	Terms of Repayment	
Term loan from Canara Bank amounting to Rs. 15,00,00,000 for construction of Digital Signature Compus building in KIADB IT Park, Devenahalli, Bangalore, out of which only Rs. 12,36,47,000 has been utilised till March 2019.	To be repaid within 108 months with repayment holiday period of 27 months (construction/implementation period 21 months + 6 months repayment holiday from DCCO.)	
1. Primary Security: Proposed memorandum of deposit of title deeds of lease hold property (leased for 99 years) KIADB land located at plot no 12-P1-A & 12-P1-B of Bangaluru Industrial area in Sy No 95/P & 7 (Block no 21, 22 & 24) of B K Palya village, jala Hobli, Bangalore North taluk, Bangaluru Urban Dist measuring land 3 acres standing in the name of the company valued Rs. 9,90,00,000.	The loan repayment will start from 30-Jun-2019.	
2. Collateral Security: Property standing in the name of Mr. V Srinivasan and memorandum of deposit of title deeds of flat no. 1 standing in the name of Cedar Grove Real Estate Private Limited.	Rate of Interest = 12% (MCLR + 2.70 + 0.85 LP)	
3. Personal guarantee of Mr. V Srinivasan and Corporate guarantee of Cedar Grove Real Estate Pvt Ltd.		
6 Other long-term liabilities		
Trade deposits	2,525,000	2,550,000
Income received in advance	2,978,368	8,688,798
	5,503,368	11,238,798
7 Deferred tax liabilities (net)		
Deferred tax on account of:		
Depreciation	3,102,134	1,838,401
	3,102,134	1,838,401
8 Long-term provisions		
Provision for employee benefits: (refer note 31)		
Provision for gratuity	13,321,177	8,763,928
Provision for compensated absences	4,197,382	3,547,130
	17,518,559	12,311,058

eMudhra Limited
Notes forming part of the Financial Statements

	As at March 31, 2019	As at March 31, 2018
9 Short-term borrowings		
Secured		
From scheduled banks*		
Working capital loan	76,959,049	48,745,401
Current maturity of term loan(refer note 5)	10,290,081	-
	<u>87,249,130</u>	<u>48,745,401</u>
* The company has availed working capital facility from Canara Bank. This loan is repayable on demand.		
Nature of Security:		
1. Primary Security: Secured against receivables and inventory of the company.		
2. Collateral Security: (a) Proposed memorandum of deposit of title deeds of lease hold property (leased for 99 years) KIADB land located at plot no 12-P1-A & 12-P1-B of Bangaluru Industrial area in Sy No 95/P & 7 (Block no 21, 22 & 24) of B K Palya village, jala Hobli, Bangalore North taluk, Bangaluru Urban Dist measuring land 3 acres standing in the name of the company valued Rs. 9,90,00,000.		
(b) Property standing in the name of Mr. V Srinivasan and memorandum of deposit of title deeds of flat no. 1 standing in the name of Cedar Grove Real Estate Private Limited.		
(c) Personal guarantee of Mr. V Srinivasan and Corporate guarantee of Cedar Grove Real Estate Pvt Ltd.		
10 Trade payables		
Trade payables (refer note 35)	42,936,036	13,794,198
	<u>42,936,036</u>	<u>13,794,198</u>
11 Other current liabilities		
Capital creditors	5,325,285	1,575,534
Income received in advance	15,807,966	8,071,351
Statutory dues (Including provident fund and tax deducted at source)	26,773,291	7,709,416
DSC Portal deposit	11,674,810	15,761,696
Employee benefits payable	21,805,727	12,821,395
Advance income tax (net of provisions)	34,349	-
Other payables towards contractual obligations	10,001,550	14,335,647
	<u>91,422,979</u>	<u>60,275,039</u>
12 Short-term provisions		
Provision for employee benefits:		
(refer note 31)		
Provision for gratuity	1,200,000	1,200,000
Provision for compensated absences	933,470	916,671
	<u>2,133,470</u>	<u>2,116,671</u>

13 Tangible assets

(Amount in Rs.)

	Gross Block			Depreciation Block		Net Block	
	April 1, 2018	Additions	(Disposals)	March 31, 2019	For the year	March 31, 2019	March 31, 2018
Own Assets:							
Leasehold land*	83,001,215	6,251,000	-	89,252,215	1,676,793	86,726,360	81,324,422
Building	31,972,469	-	-	31,972,469	2,151,726	28,750,109	29,820,743
Computer and hardware	44,129,483	10,278,009	-	54,407,492	3,854,404	16,313,147	9,889,542
Motor vehicles	6,205,721	-	-	6,205,721	2,471,432	3,096,843	3,734,289
Office equipment's	23,894,857	6,863,490	-	30,758,347	3,636,847	15,554,320	12,327,677
Leasehold building	1,454,995	-	-	1,454,995	1,437,166	17,829	17,829
Total	190,658,740	23,392,499	-	214,051,239	10,048,393	150,458,608	137,114,502

14 Intangible assets

(Amount in Rs.)

	Gross Block			Amortisation Block		Net Block	
	April 1, 2018	Additions	(Disposals)	March 31, 2019	For the year	March 31, 2019	March 31, 2018
Identity & Transaction Management Application	441,729,311	65,677,790	-	507,407,101	221,581,574	237,143,415	220,147,737
DSC online trading software	63,377,897	-	-	63,377,897	9,574,873	47,307,990	53,803,024
Software of Foreign subsidiary	163,224,047	68,342,288	(0)	231,566,335	54,086,849	160,865,529	109,137,198
Semantic analytics	21,404,050	-	-	21,404,050	7,488,485	11,775,160	13,915,565
Computer Software	7,878,043	2,506,559	-	10,384,602	6,580,943	3,587,224	1,297,100
Brand	608,750	-	-	608,750	608,750	0	0
Total	698,222,098	136,526,637	(0)	834,748,735	74,147,942	460,679,319	398,300,624

*Note: The lease hold land measuring 12140.00 Sq. Mtrs located at plot no. 12-P1-A & 12-P1-B(Corner) of Bengaluru IT Park Industrial Area in SY nos. 95/P & 7 (Block no.21.22 & 24- Part) of B K Palya Village, Jala Hobli, Bengaluru North Taluk, has been allotted to our company by Karnataka Industrial Areas Development Board as per the allotment letter no. KIADB/HO/Allot/AS/30017/8927/15-16 dated 23.09.2015. The company has later obtained possession certificate vide letter no. LADB/AE/30017/1158/2015-16 dated 29.03.2016. This has been allotted for a leasehold period of 99 years beginning from possession date. This land is mortgaged against term loan of Rs. 15,00,00,000 by Canara bank vide letter number BLR SMES CR 8915 CKS 2016-17 dated 9th March 2017.

	(Amount in Rs.)	
	As at March 31, 2019	As at March 31, 2018
15 Non-current investments		
Quoted instruments:-		
Investment In Mutual Fund:		
Investment In mutual fund	1,500,000	1,500,000
(1,50,000 (2018: 15,00,00) units of Canara robeco protection oriented fund - regular growth plan at par value of Rs.10 each)		
	<u>1,500,000</u>	<u>1,500,000</u>
16 Long term loans and advances		
Unsecured, considered good		
Capital advances	95,000	95,000
Deposits:		
Security deposits	15,754,950	14,050,306
Tender deposits	1,242,276	1,389,276
	<u>17,092,226</u>	<u>15,534,582</u>
Other loans and advances		
Income Tax(Net of TDS)	-	58,666
Other advances	903,082	52,943
	<u>903,082</u>	<u>111,609</u>
Other non current assets		
Others		
Advances to Emudhra employees stock option trust	30,674,003	30,674,003
Loan to associated compnay (Refer note no.34)	-	6,641,174
Long term deposits with bank with maturity period more than 12 months [Refer note below]	7,431,160	12,274,300
	<u>38,105,163</u>	<u>49,589,477</u>
	<u>56,100,471</u>	<u>65,235,668</u>
Note: Rs.56,31,160 held as lien by banks against bank guarantees.		
17 Inventories		
Details of stock- in- trade		
Crypto token	2,804,948	3,376,771
	<u>2,804,948</u>	<u>3,376,771</u>
18 Trade receivables		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	15,597,984	16,786,017
Others	193,868,061	37,871,616
	<u>209,466,045</u>	<u>54,657,633</u>

eMudhra Limited
Notes forming part of the Financial Statements

	(Amount in Rs.)	
	As at March 31, 2019	As at March 31, 2018
19 Cash and cash equivalents		
Cash on hand	255,107	283,544
Bank Balances :		
In current accounts	23,004,975	59,345,298
Demand deposits (less than 3 months maturity)	-	5,952,949
	<u>23,260,082</u>	<u>65,581,791</u>
20 Short-term loans and advances		
Unsecured, considered good		
Other advances	7,949,663	2,275,991
Unbilled revenue (<i>refer note 38</i>)	40,176,650	23,186,040
Capital advances	806,594	11,049,520
Balances with government authorities	592,619	6,667,727
Prepaid expenses	14,078,625	11,554,889
	<u>63,604,151</u>	<u>54,734,167</u>
21 Other current assets		
Interest accrued on fixed deposit	524,942	1,741,728
	<u>524,942</u>	<u>1,741,728</u>

eMudhra Limited

Notes forming part of the Financial Statements

	(Amount in Rs.)	
	As at March 31,2019	As at March 31,2018
22 Contingent liabilities		
Bank guarantees (secured against fixed deposits)	10,134,493	12,274,300
Proposed dividend(excluding dividend distribution tax)	4,830,000	4,830,000
Income tax Appeal(refer note (a) below)	15,150,000	-
Legal Case(refer note (b) below)	9,00,000	-
	<u>14,964,493</u>	<u>17,104,300</u>

Note:

(a) During the year, the company has received notice under section 148 of the Income Tax Act for the income escaping assessment relating to the AY 2011-12. The matter has been strongly objected by the company citing that the matter was previously taken for scrutiny assessment under section 143(3) of the said Act and therefore time barred. Simultaneously we have moved appeal in the Honourable High Court of Karnataka and stay has been obtained. The final verdict is still pending. We have computed the liability by considering the tax rate as 30% on the amount disallowed of Rs.5.05 crore and interest element is not considered.

(b) This case is for non-acceptance of sales return against sales made in earlier years on non-returnable basis and the matter is pending under District Legal Services Authority, Munger.

	For the Year ended March 31, 2019	For the Year ended March 31, 2018
23 Other income		
Interest Income	868,637	1,549,188
Interest on income tax refund	-	508,581
Other income	10,481	-
Provisions no longer required written back	76,341	3,200,000
Foreign exchange gain	-	709,074
Total	955,459	5,966,843
24 Operating expenses		
Distributor commission	57,360,995	58,906,391
DSC collection and verification charges	29,462,249	39,987,964
Other direct operating expenses	14,621,813	13,312,770
Payment gateway charges	4,596,785	4,811,968
Postage and courier charges	3,653,086	3,023,410
Foreign exchange Loss	3,007,850	-
Total	112,702,777	120,042,503
25 Purchases of stock-in-trade		
Purchase of hardware's	203,741,924	136,929,011
Purchase of PAN coupon	-	2,017,888
Total	203,741,924	138,946,899
26 Changes in inventories of stock-in-trade		
Finished Goods:		
Opening stock:		
Crypto token	3,376,771	4,392,094
PAN coupons	-	377,884
Total	3,376,771	4,769,978
Closing stock:		
Crypto token	2,804,948	3,376,771
Closing stock	2,804,948	3,376,771
Total	571,824	1,393,207
27 Employee benefit expense		
Salary and allowances to employees	235,114,487	168,187,352
Contribution towards employee funds	7,609,530	5,866,376
Staff welfare expenses	17,387,168	11,607,573
Total	260,111,184	185,661,301
28 Financial costs		
Interest expense	2,566,396	1,171,238
Total	2,566,396	1,171,238
29 Depreciation and amortization expense		
Amortization on intangible assets	74,147,942	52,057,738
Depreciation on tangible assets	10,048,393	8,833,981
Total	84,196,335	60,891,719
30 Other expenses		
Office maintenance expense	7,918,102	8,726,474
Electricity expense	7,759,547	6,914,676
Business promotion and advertisement	15,636,597	13,762,250
Miscellaneous expense	1,354,688	365,575
Foreign Exchange Loss	-	88,531
Communication expenses	8,036,940	6,539,896
Insurance expenses	1,999,396	980,228
Information technology expenses	2,723,462	3,952,054
Legal and professional expenses	15,805,734	15,465,988
Auditors' remuneration:		
- Statutory audit fee	650,000	710,000
Membership charges	1,840,395	355,961
Meeting and conference expenses	1,961,914	868,661
Printing and stationary	1,144,192	1,177,887
Fees rates and taxes	4,559,677	1,956,779
Recruitment and training expenses	701,278	1,520,180
Repair and maintenance	3,037,454	4,012,507
Travelling, boarding and lodging expenses (Refer Note no 33)	13,418,809	9,548,793
Local conveyance	2,819,773	1,698,319
Rent	24,280,392	22,611,776
Contribution for corporate social responsibility expenses (Refer Note No 38)	1,701,550	1,523,663
Total	117,349,900	102,780,198

31 Disclosures under accounting standard 15

a) Post Retirement Benefit- Defined Contribution Plans

The Company has recognised an amount of Rs.63,75,607 (2018: Rs. 49,83,508) as expenses under the defined contribution plans in the Statement of Profit and Loss in respect of contribution to Provident Fund for the year ended March 31, 2019.

b) Post Retirement Benefit- Defined Benefit Plan

The Company makes provision for gratuity based on actuarial valuation done on projected unit credit method at each balance sheet date.

The Company makes annual contribution to the Gratuity Fund Trust which is maintained by LIC of India, a defined benefit plan for qualifying employees. The Scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment as per provisions of Payment of Gratuity Act, 1972.

The present value of the defined benefit obligation and the related current service cost are measured using the projected unit credit method with actuarial valuation being carried out at the balance sheet date.

(i) Present Value of Defined Benefit Obligation - Gratuity

	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Balance at the beginning of the year	12,434,198	11,100,509
Current service cost	3,201,324	3,346,278
Interest cost	872,146	757,449
Actuarial (gain)/loss	3,824,719	(2,210,410)
Benefits paid	(908,353)	(559,628)
Balance at the end of the period/ year	19,424,034	12,434,198

(ii) Fair value of Plan Assets

Balance at the beginning of the year	3,353,617	1,647,940
Expected return on plan assets	291,583	205,120
Contribution	1,976,654	2,236,345
Actuarial gain/(loss)	189,356	(176,160)
Benefits paid	(908,353)	(559,628)
Balance at the end of the year	4,902,857	3,353,617

(iii) Assets and liabilities recognised in the Balance Sheet

Present value of defined benefit obligation	19,424,034	12,434,198
Present value of plan assets	4,902,857	3,353,617
Amount recognised as assets/(liability)	(14,521,177)	(9,080,581)
Recognised under:		
Long term provision (Refer Note 8)	(13,321,177)	(8,763,928)
Short term provision (Refer Note 12)	(1,200,000)	(1,200,000)
Total	(14,521,177)	(9,963,928)

(iv) Expenses recognised in the Statement of Profit and Loss

Current service cost	3,201,324	3,346,278
Interest cost	872,146	757,449
Expected return plan assets	(291,583)	(205,120)
Actuarial (gain)/loss	3,635,363	(2,034,250)
Total expenses	7,417,250	1,864,357

eMudhra Limited

Notes forming part of the Financial Statements

(Amount in Rs, unless otherwise stated)

(v) Major Category of Plan Assets as % of total Plan Assets

	As at March 31,2019	As at March 31,2018
Insurer managed funds	100%	100%
(vi) Actuarial assumptions		
Discount rate	7.17%	7.00%
Salary growth	10.00%	10.00%
Attrition rate	15.00%	20.00%
Expected rate of return on plan assets	7.50%	8.25%

(vii) Amounts recognised in current period and previous five years

	As at March 31,2019	As at March 31,2018	As at March 31,2017	As at March 31,2016	As at March 31,2015
Present value of obligation	19,424,034	12,434,198	11,100,509	6,111,773	3,711,413
Present value of plan assets	4,902,857	3,353,617	1,647,940	1,646,215	495,939
Amount recognised in balance sheet (Liability)/asset	(14,521,177)	(9,080,581)	(9,452,569)	(4,465,558)	(3,215,474)

(viii) Expected contribution to the fund next year

	As at March 31,2019	As at March 31,2018
Gratuity	1,200,000	1,200,000

Notes:

- 1) The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligation.
- 2) Expected rate of return on plan assets is based on our expectation of the average long term rate of return expected on investment of the fund during the estimated term of the obligations.
- 3) The salary escalation rate is the estimate of future salary increase considered taking into account the inflation, seniority, promotion and other relevant factors.

Other employee benefit plan: The liability for leave encashment and compensated balances as at year end is Rs. 51,30,852 (2018: Rs. 44,63,801).

eMudhra Limited

Notes forming part of the Financial Statements

(Amount in Rs, unless otherwise stated)

		For the Year ended March 31, 2019	For the Year ended March 31, 2018
32 Earnings per share			
Basic:			
Profit after tax	A	168,867,040	79,000,860
Weighted average number of shares outstanding	B	70,179,692	70,179,692
Basic EPS	A/B	2.41	1.13
Diluted			
Profit after tax	A	168,867,040	79,000,860
Weighted average number of shares outstanding	B	70,179,692	70,179,692
Diluted EPS	A/B	2.41	1.13
33 Foreign Exchange Earnings / Expenses			
Foreign exchange earned		43,264,176	17,799,700
Foreign exchange used		103,069,526	22,017,530

34 Related party disclosures

A. Disclosure related to subsidiary and associate companies

(A.1) Particulars of subsidiary and associate companies :

Sl No	Name of the company	Address	Relationship	% of shares held
1	Smart Craft Pvt Limited	#56, Sai Arcade, Deverabesenhalli, Bangalore, Karnataka.	Associate	NA
2	Bluesky Infotech	G-5, Arathi Apartments, No 150 Habibullah Road, T. Nagar Chennai 600017	Associate	NA

(A.2) Summary of transactions with subsidiary and associate companies

Sl No	Summary of Transactions	Subsidiary Company		Associate Company	
		Mar-19	Mar-18	Mar-19	Mar-18
2	Expenses incurred on Behalf / Income	-	-	192,019	282,951
3	Sales of services/products	-	-	194,380,248	64,043,073
4	Receiving of services	-	-	10,618,504	20,629,015
5	Purchase of products	-	-	357,805	-

(A.3) Detailed transaction / balances of subsidiary and associate companies

Sl No	Particulars	Transactions		Balances	
		Mar-19	Mar-18	Mar-19	Mar-18
1	Expenses incurred on behalf and reimbursed				
	Smart Craft Private Limited	72,019	182,951.00	-	-
	Bluesky Infotech	120,000	100,000.00	-	-
2	Sales of Products				
	Bluesky Infotech	110,967,587	47,214,250	-	-
	Smart Craft Private Limited	1,756,661	5,078,823	-	-
3	Sales of Services				
	Bluesky Infotech	81,656,000	11,750,000	-	-
4	Purchase of products				
	Smart Craft Private Limited	116,200	-	-	-
	Bluesky Infotech	241,605	-	-	-
5	Receiving of services:				
	Smart Craft Private Limited	579,345	15,791,126	-	-
	Bluesky Infotech	10,039,159	4,837,889	-	-

B. Disclosure related to director and key managerial personnel

(B.1) Particulars of director and key managerial personnel :

Sl No	Key managerial personnel	Relationship
1	V. Srinivasan	Chairman and director
2	Venu Madhava	Wholetime director
3	Kaushik Srinivasan	Related to chairman and director
4	Mythili Srinivasan	Related to chairman and director
5	Arvind Srinivasan	Related to chairman and director
6	Johnson Xavier	Company secretary
7	Saji K Louiz**	Chief financial officer

(B.2) Summary of transactions director and key managerial personnel

Sl No	Summary Transactions	Mar-19	Mar-18
1	Investment/ (Redemption) in preference shares	-	(44,000,000)
2	Receipt of loan	25,000,000	-
3	Repayment of loan	25,000,000	9,126,100
4	Salary and allowances paid	11,438,609	12,744,900
5	Preference dividend paid	2,579,999	2,579,999

(B.3) Detailed transaction / balances of subsidiary and associate companies

Sl No	Particulars	Transactions		Balances	
		Mar-19	Mar-18	Mar-19	Mar-18
1	Investment/ (Redemption) in perf shares:				
	V. Srinivasan	-	(44,000,000)	-	-
2	Receipt of loan:				
	V. Srinivasan	25,000,000	-	-	-
3	Repayment of loan:				
	V. Srinivasan	25,000,000	9,126,100		
4	Salary and allowances paid:				
	Venu Madhava	3,309,138	3,614,850	-	-
	Kaushik Srinivasan	4,065,188	4,358,952	-	-
	Saji K Louiz	2,921,616	717,996	-	-
	Johnson Xavier	1,142,667	1,161,120	-	-
5	Preference dividend paid:				
	V. Srinivasan	1,606,719	1,606,719		
	Mythili Srinivasan	389,312	389,312		
	Kaushik Srinivasan	291,984	291,984		
	Arvind Srinivasan	291,984	291,984		

Note:

- The information disclosed above is based on the names of the parties as identified by the management, which has been relied upon by the auditors.
- Provision for leave encashment and group gratuity which is based on actuarial valuation done on overall company basis is excluded while arriving at salary and allowances
- The Salary and allowances paid to key managerial persons includes leave encashment and incentive but doesn't includes PF contribution and other indirect benefits
- The names of the related parties with whom the transaction has been carried out only has been reported.
- During the year, the KMP's have met various office expenses from credit cards and the same has been reimbursed directly to the credit card by the company. Such reimbursements to the credit cards are not included in the table above, which is amounting to Rs.12,320,743(2018:Rs. 15,138,756).

35 Micro small and medium enterprises

There are no micro, small and medium enterprises, to which the company owes dues, or with which the company had transactions during the period, based on the information available with the company, which has been relied upon by the auditors.

36 Purchase of DSC

Effective from August 2017 the controller of certifying authorities has issued a direction that the DSC shall be sold and invoiced directly to end customers. Hitherto the company was selling stock to its RA, who were selling to sub-RA, who in turn used to sell to end customers. In view of this order, where no new stock could be sold, as and when the RA/sub-RA bring customers for new sale, a refund towards their stock had to be given. The impact of the same for the current financial year is Rs.6,46,46,433/-. The opening balance of unutilised stock available with RA as at 31-Mar-2018 was 3,68,931 and the closing balance of stock as at 31-Mar-2019 is nil.

37 Previous period figures

The previous year figures have been reclassified to conform to this year classification.

38 Contribution for corporate social responsibility expenses

Financial Year	Net Profit Amount (Rs)
2015-16	56,392,965
2016-17	93,747,554
2017-18	82,810,032
Average Net profits	77,650,184
2% of Avg. Net profit	1,553,004
Total amount to be spent during financial year 2018-19	1,553,004
Actual Amount spent during financial year 2018-19	1,701,550
Unspent amount	-

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

As per our report of even date

For Manohar Chowdhry & Associates
Firm Registration Number: 001997S
Chartered Accountant

Ashok Kumar Doddi
Partner
Membership No: 217909

Bangalore, May 30, 2019



For and on behalf of the Board of Directors

V Srinivasan
Chairman
DIN: 00640646

Venu Madhava
Director
DIN: 06748204

Saji K Louiz
Chief Financial Officer

Johnson Xavier
Company Secretary

Bangalore, May 30, 2019

Manohar Chowdhry & Associates

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the Members of eMudhra Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of eMudhra Limited (hereinafter referred as "the Holding Company") which comprise the consolidated balance sheet as at March 31, 2019, and the consolidated statement of profit and loss, and the consolidated statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as consolidated financial statements). We have not audited the financial statements of two subsidiaries of the company (eMudhra MU Limited and, hereinafter referred as foreign subsidiary and eMudhra Technologies Limited, hereinafter referred as Indian subsidiary).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs (financial position) of the Company as at March 31, 2019, and its consolidated profit, and its consolidated cash flows for the year 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 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 together with the ethical requirements that are

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relevant to our audit of the consolidated 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 Consolidated 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 Board's Report including Annexures thereto, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with consolidated 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 and those charged with governance for the financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the state of affairs (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, read with relevant rules issued there under. 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 consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors 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 the Board of Directors 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 Responsibility for the Audit of Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

We did not audit the financial statements of eMudhra MU limited (hereinafter called as foreign subsidiary) whose financial statements reflect a total revenue of Rs. 1,063 Lakhs into consolidation totals. These financial statements are unaudited and have been furnished to us by management and have been certified by the management and our opinion, in so far as it relates to amounts included in respect of subsidiary is solely on those management certified financial statements.



We did not audit financial statements of an Indian subsidiary whose financial statements reflect a total revenue of Rs. 895 Lakhs in the consolidated totals. However, the financial statements of Indian subsidiary have been audited by other auditor for the year ended 31.03.2019 whose reports have been furnished to us.

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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation



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

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

Report on Other Legal and Regulatory Requirements

- 1) 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 relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d. In our opinion, the aforesaid consolidated 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 of the holding company and the reports of the statutory auditors of the subsidiary companies, none of the directors of the group companies 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 - A".



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

Place: Bangalore
Date: May 30, 2019

For **Manohar Chowdhry & Associates**
Chartered Accountants
Firm Registration No: 001997S



D. Ashok Kumar

Ashok Kumar Doddi

Partner

Membership No: 217909

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS**Report on the Internal Financial Controls Over Financial Statements under Clause (i) of sub – section (3) of section 143 of the Act.**

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

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance



about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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:

- i. Pertain to the maintenance of records that, in reasonable details, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- ii. 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
- iii. 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.

Opinion

In our opinion, 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: Bangalore
Date: May 30, 2019

For **Manohar Chowdhry & Associates**
Chartered Accountants
Firm Registration No: 001997S



D. H. Kumar
D. H. Kumar Doddi
Partner
Membership No: 217909