

**DVARA Research Foundation  
(Formerly known as  
IFMR Finance Foundation)**

Financial Statements  
**31<sup>st</sup> MARCH 2018**

**INDEPENDENT AUDITOR'S REPORT  
To The Members of DVARA RESEARCH FOUNDATION**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **DVARA RESEARCH FOUNDATION (Formerly known as IFMR FINANCE FOUNDATION)** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal



financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Standards and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2018, and its loss and its cash flows for the year ended on that date.

### **Emphasis of Matter**

We draw attention to Note No 16 of the financial statements regarding the preparation of financial statements on a going concern basis despite the erosion of net worth of the Company, based on the commitment towards providing continued operational and financial support by the controlling entity, Dvara Trust and grants received for various projects, which are executed by the entity.

Our opinion is not qualified in respect of this matter.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, based on our audit 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 relevant books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Company as on 31<sup>st</sup> March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.



- f) Reporting on the adequacy of Internal Financial Control Over Financial Reporting of the Company and the operating effectiveness of such controls, under section 143(3) (i) of the Act is not applicable in view of the exemption available to the company in terms of the notification no. G.S.R. 583(E) dated 13 June 2017 issued by the Ministry of Corporate Affairs, Government of India, read with general circular No. 08/2017 dated 25 July 2017.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. The requirements of Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, are not applicable to the Company.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No.:008072S)

*Bhavani Balasubramanian*

Bhavani Balasubramanian  
Partner  
(Membership No.: 22156)

Place: Chennai  
Date: 25th September 2018



Dvara Research Foundation (Formerly Known as IFMR Finance Foundation)  
Balance Sheet as at 31st March, 2018

(Amount in INR)

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	Particulars	Note No.	As at 31st March 2018	As at 31st March 2017
I	<b>EQUITY AND LIABILITIES</b>			
	<b>Shareholders' funds</b>			
	Share Capital	3	1,00,000	1,00,000
	Reserves & Surplus	4	(153,13,802)	163,70,175
			(152,13,802)	164,70,175
	<b>Corpus Funds</b>	5	216,78,822	216,78,822
	<b>Non current Liabilities</b>			
	Long-term Provisions	6a	5,95,839	14,50,279
			5,95,839	14,50,279
	<b>Current Liabilities</b>			
	(a) Trade Payable			
	(i) Total outstanding dues to Micro & Small Enterprises		-	-
	(i) Total outstanding dues of creditors other than Micro & Small Enterprises	7a	283,89,115	202,58,464
	Other Current liabilities	8	54,44,480	22,85,998
	Short-term Provisions	6b	56,113	43,393
			338,89,708	225,87,855
	<b>TOTAL</b>		<b>409,50,567</b>	<b>621,87,131</b>
II.	<b>ASSETS</b>			
	<b>Non-current assets</b>			
	Property, Plant and Equipment	9 (A)	3,15,717	3,25,495
	Intangible assets	9 (B)	-	804
	Long-term loans and Advances	10	41,24,227	41,75,988
			44,39,944	45,02,287
	<b>Current assets</b>			
	Cash and cash equivalents	11	326,49,784	538,93,596
	Short-term loans and advances	12	38,60,839	37,91,248
			365,10,623	576,84,844
	<b>TOTAL</b>		<b>409,50,567</b>	<b>621,87,131</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

*Bhavana Balasub*

Bhavani Balasubramanian

Partner

For and on behalf of the Board

*Bindu Ananth*

Bindu Ananth

Director

*Puneet Gupta*

Puneet Gupta

Director

Place: Chennai

Date: 25th September 2018



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Dvara Research Foundation (Formerly Known as IFMR Finance Foundation)

Statement of Profit and Loss for the Period ended 31st March 2018

(Amount in INR)

Particulars	Note No.	For the Year ended 31st March 2018	For the Year ended 31st March 2017
Grants	18	128,35,748	777,07,241
Other Income	13	34,13,988	24,08,856
<b>TOTAL REVENUE (I)</b>		<b>162,49,736</b>	<b>801,16,097</b>
<b>EXPENSES</b>			
Employee benefits expense	14	151,38,586	133,15,628
Depreciation and Amortisation	9	3,08,686	2,07,857
Administrative & Other expenses	15	324,86,441	144,29,719
<b>TOTAL EXPENSES (II)</b>		<b>479,33,713</b>	<b>279,53,204</b>
Profit/(Loss) for the Year before tax (I) - (II)		(316,83,977)	521,62,893
<b>Tax Expenses</b>			
Current tax		-	-
Deferred Tax		-	-
<b>Profit /(Loss) for the year</b>		<b>(316,83,977)</b>	<b>521,62,893</b>
Earnings per share (of Rs.10 each)	22		
(a) Basic		(3,168.40)	5,216.29
(b)Diluted		(3,168.40)	5,216.29

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

*Bhavana Balasubramanian*

Bhavani Balasubramanian  
Partner



For and on behalf of the Board

*Bindu Ananth*

Bindu Ananth  
Director

*Puneet Gupta*

Puneet Gupta  
Director

Place: Chennai

Date: 25th September 2018

*AJ*

Dvara Research Foundation (Formerly Known as IFMR Finance Foundation)  
Cash Flow Statement for the Period ended 31st March, 2018

(Amount in INR)

	Particulars	For the Year ended 31st March 2018	For the Year ended 31st March 2017
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
	Profit/(Loss) for the year before Tax	(316,83,977)	521,62,893
	<u>Adjustments for:</u>		
	Depreciation	3,08,686	2,07,857
	Interest received	(5,79,822)	(1,67,728)
	<b>Operating Profit / (Loss) before working capital changes</b>	<b>(319,55,113)</b>	<b>522,03,022</b>
	<u>Changes in working capital:</u>		
	<u>Adjustments for (Increase)/decrease in operating assets</u>		
	Trade Receivables	-	4,50,000
	Long Term Loans and Advances	2,67,670	(4,40,670)
	Short term Loans & Advances	(69,591)	(16,76,567)
	<u>Adjustments for Increase/(decrease) in operating Liabilities</u>		
	Trade Payables	81,30,651	15,23,902
	Other Current Liabilities	23,16,762	10,32,182
	Cash used in Operations	(213,09,621)	530,91,870
	Net income tax paid	(2,15,909)	(2,19,888)
	<b>Net Cash flow from / (used in) Operations (A)</b>	<b>(215,25,530)</b>	<b>528,71,982</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
	Capital expenditure on Property, Plants and Equipments, including capital advances	(3,66,734)	(3,80,450)
	Proceeds from sale of Property, Plants and Equipments	68,630	-
	Interest Received	5,79,822	1,67,728
	<b>Net cash flow from / (used in) Investing activities (B)</b>	<b>2,81,718</b>	<b>(2,12,722)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
	Net cash used in financing activities	-	-
	<b>Net Increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(212,43,812)</b>	<b>526,59,260</b>
	Cash & Cash Equivalents at the beginning of the year	538,93,596	12,34,336
	Cash & Cash Equivalents at the end of the year	326,49,784	538,93,596
	<b>Reconciliation of cash and cash equivalents:</b>		
	Cash and Cash Equivalents as per Balance sheet (Refer Note 12)	326,49,784	538,93,596
	Cash and cash equivalents at the end of the year		
	<u>Comprises:</u>		
	Balances with banks		
	- in Deposit account	300,00,000	460,00,000
	- in Current account	26,49,766	78,93,578
	- in Cash	18	18

See accompanying notes forming part of the financial statements  
In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

*Bhavana Balasubramanian*

Bhavana Balasubramanian  
Partner

For and on behalf of the Board

*Bindu Ananth*  
Bindu Ananth  
Director

*Puneet Gupta*  
Puneet Gupta  
Director

Place: Chennai  
Date: 25th September 2018



*B. AJ*

Particulars	As at 31st March 2018		As at 31st March 2017	
	No. of shares held	% of shareholding	No. of shares held	% of shareholding
<b>Note 3 - Share Capital</b>				
<b>Authorised</b>				
20,000 (Previous Year - 20,000 Shares) Equity Shares of INR 10 each with voting rights.	2,00,000		2,00,000	
<b>Total</b>	<b>2,00,000</b>		<b>2,00,000</b>	
<b>Issued, Subscribed and Fully Paid up</b>				
10,000 (Previous Year-10,000 shares) Equity Shares of INR 10 each with voting rights	1,00,000		1,00,000	
<b>Total</b>	<b>1,00,000</b>		<b>1,00,000</b>	
<b>Details of shares held by each shareholder more than 5% shares</b>				
<b>Name of the Shareholder</b>	<b>As at 31st March 2018</b>		<b>As at 31st March 2017</b>	
	No. of shares held	% of shareholding	No. of shares held	% of shareholding
DVARA Trust (Formerly Known as IFMR Trust) (Controlling Entity) and its nominee	10,000	100	10,000	100
The Company has issued one class of equity share at a par value of INR 10 per share. Each holder of Equity share is entitled to one vote per share.				
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.				
<b>Movement in Equity shares</b>				
Particulars	As at 31st March 2018		As at 31st March 2017	
	No. of shares	Amount In (INR)	No. of shares	Amount In (INR)
Opening Balance	10,000	1,00,000	10,000	1,00,000
Shares issued during the year	-	-	-	-
Closing Balance	10,000	1,00,000	10,000	1,00,000



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Dvara Research Foundation (Formerly Known as IFMR Finance Foundation)

Notes forming part of Financial statements as at 31st March, 2018

(Amount in INR)

Particulars	As at 31st March 2018	As at 31st March 2017
<b>Note 4: Reserves &amp; Surplus</b>		
Deficit in Statement of Profit & loss		
Opening balance	163,70,175	(357,92,718)
Add: Profit/(Loss) for the year	(316,83,977)	521,62,893
<b>Closing balance</b>	<b>(153,13,802)</b>	<b>163,70,175</b>
<b>Note 5: Corpus Funds</b>		
Grants Received	1000,00,000	1000,00,000
Less: Utilized for admin and other expense*	(783,21,178)	(783,21,178)
<b>Balance Available for utilisation</b>	<b>216,78,822</b>	<b>216,78,822</b>
* Pursuant to the approval from the donor.		
<b>Note 6a: Long-term Provision</b>		
Provision for Employee Benefits - Gratuity (Refer Note 19)	5,95,839	14,50,279
<b>Total</b>	<b>5,95,839</b>	<b>14,50,279</b>
<b>Note 6b: Short-term Provision</b>		
Provision for Employee Benefits - Gratuity (Refer Note 19)	56,113	43,393
<b>Total</b>	<b>56,113</b>	<b>43,393</b>
<b>Note 7a: Other Trade Payables</b>		
Trade Payable		
Acceptances		
Other than Acceptances		
- dues of Micro and Small Enterprises		
- dues of creditors other than Micro and Small Enterprises	3,58,195	16,113
Advance from Related Parties (Refer Note 20)	280,30,920	202,42,351
<b>Total</b>	<b>283,89,115</b>	<b>202,58,464</b>
<b>Note 7b: Dues to Micro &amp; Small enterprises</b>		
In accordance with the Notification No. GSR 719 (E) dated 16.11.2007 issued by the Ministry of Corporate affairs, certain disclosures are required to be made relating to Micro Small and Medium Enterprises as defined under the Micro Small and Medium Enterprises Development Act 2006. As represented by the management, there are no amounts payable / or claims from suppliers in accordance with the provisions of the Act, and therefore, no disclosures have been made in the financial statements.		
(i) Principal amount and interest due thereon remaining unpaid to any supplier as at the end of the accounting year	NIL	NIL
(ii) The amount of interest paid by the buyer along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	NIL	NIL
(iii) The amount of interest due and payable for the period of delay in making the payment	NIL	NIL
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year	NIL	NIL
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid.	NIL	NIL



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Dvara Research Foundation (Formerly Known as IFMR Finance Foundation)

Notes forming part of Financial statements as at 31st March, 2018

(Amount in INR)

Particulars	As at 31st March 2018	As at 31st March 2017
<b>Note 8: Other current liabilities</b>		
Statutory remittances	3,68,474	1,77,157
Other Liabilities	50,76,006	21,08,841
<b>Total</b>	<b>54,44,480</b>	<b>22,85,998</b>
<b>Note 10: Long Term Loans and Advances</b>		
Advance Taxes and tax deducted at source (Net of provision for tax - NIL (PY - NIL))	32,51,227	30,35,318
Security Deposits for Employees	8,73,000	11,40,670
<b>Total</b>	<b>41,24,227</b>	<b>41,75,988</b>
<b>Note 11: Cash and Cash Equivalents</b>		
Cash and cash equivalents as defined in AS-3		
Cash on hand	18	18
Balance in Current account	26,49,766	78,93,578
Balance in Fixed Deposit account	300,00,000	460,00,000
<b>Total</b>	<b>326,49,784</b>	<b>538,93,596</b>
<b>Of the above, the balances that meet the definition of cash and cash Equivalents as per AS 3</b>	<b>326,49,784</b>	<b>538,93,596</b>
<b>Note 12: Short-term loans and advances</b> (Unsecured, Considered good)		
Prepaid Expenses	-	18,575
Accrued Income on Fixed Deposits	2,20,044	4,32,433
Balances with Government Authorities	35,28,415	33,30,880
Advances recoverable in cash or in kind or for value to be received	1,12,380	9,360
<b>Total</b>	<b>38,60,839</b>	<b>37,91,248</b>



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Dvara Research Foundation (Formerly Known as IFMR Finance Foundation)

Notes forming part of Financial statements as at 31st March, 2018

(Amount In INR)

Particulars	For the Year ended 31st March 2018		For the Year ended 31st March 2017	
<b>Note 13: Other Income</b>				
Interest on Fixed Deposits with Banks		21,59,091 ✓		21,98,879 ✓
Other Interest Income		3,67,433 ✓		1,67,728 ✓
Provision no longer required written back		8,87,464 ✓		36,845 ✓
Professional Services		-		5,404 ✓
<b>Total</b>		<b>34,13,988 ✓</b>		<b>24,08,856 ✓</b>
<b>Note 14: Employee Benefit Expenses</b>				
Salaries, Allowances and Bonus		141,20,400 ✓		122,82,798 ✓
Gratuity		-		5,03,947 ✓
Staff Welfare Expenses		10,18,186 ✓		5,28,883 ✓
<b>Total</b>		<b>151,38,586 ✓</b>		<b>133,15,628 ✓</b>
<b>Note 15: Administrative and Other expenses-</b>				
Rent and Amenities		29,24,771 ✓		18,95,547 ✓
Sub Grant		-		1,56,250 ✓
Advertisement Charges		-		2,776 ✓
Repairs and Maintenance		12,575 ✓		62,526 ✓
Printing and Stationery		1,34,672 ✓		70,072 ✓
Telephone Expenses		1,58,929 ✓		2,58,974 ✓
Travelling and Conveyance		36,21,860 ✓		26,14,639 ✓
Consultancy Charges		38,91,010 ✓		29,86,797 ✓
Legal & Professional Charges		168,62,141 ✓		54,78,504 ✓
Seminar and Meeting Expenses		28,128 ✓		59,669 ✓
Subscription		2,00,656 ✓		-
Website maintenance and internet expenses		2,08,243 ✓		70,648 ✓
Auditors' Remuneration				
For Statutory Audit	3,50,000 ✓		3,50,000 ✓	
For Tax Audit	50,000 ✓		50,000 ✓	
For Reimbursement of expenses	-	4,00,000 ✓	20,180 ✓	4,20,180 ✓
Rates and Taxes		51,117 ✓		1,84,486 ✓
Service Tax written off		37,86,620 ✓		- ✓
Miscellaneous expenses		2,05,719 ✓		1,68,651 ✓
<b>Total</b>		<b>324,86,441 ✓</b>		<b>144,29,719 ✓</b>



Dvara Research Foundation (Formerly Known as IFMR Finance Foundation)  
Notes forming part of Financial statements as at 31st March, 2018

Note 9:

Asset	Gross Block				Depreciation and Amortisation				Net Block	
	As at 1st April 2017	Additions	Deletions	As at 31st March 2018	As at 1st April 2017	For the year	On Deletions	As at 31st March 2018	As at 31st March 2018	As at 31st March 2017
(A) Property, Plant and Equipment										
Computers (Previous Year)	13,14,024 (9,33,574)	2,51,959 (3,80,450)	1,70,790	13,95,193 (13,14,024)	9,90,202 (7,86,509)	2,95,184 (2,03,693)	1,02,160	11,83,226 (9,90,202)	2,11,967 (3,23,822)	3,23,822 (1,47,065)
Office Equipment (Previous Year)	6,470 (6,470)	1,14,775	-	1,21,245 (6,470)	4,797 (3,424)	12,698 (1,373)	-	17,495 (4,797)	1,03,750 (1,673)	1,673 (3,046)
<b>Total (Previous Year)</b>	<b>13,20,494 (9,40,044)</b>	<b>3,66,734 (3,80,450)</b>	<b>1,70,790</b>	<b>15,16,438 (13,20,494)</b>	<b>9,94,999 (7,89,933)</b>	<b>3,07,882 (2,05,066)</b>	<b>1,02,160</b>	<b>12,00,721 (9,94,999)</b>	<b>3,15,717 (3,25,495)</b>	<b>3,25,495 (1,50,111)</b>
(B) Intangible Assets										
Software (Previous Year)	1,26,397 (1,26,397)	-	-	1,26,397 (1,26,397)	1,25,593 (1,22,802)	804 (2,791)	-	1,26,397 (1,25,593)	(0) (804)	804 (3,595)
<b>Total (Previous Year)</b>	<b>1,26,397 (1,26,397)</b>	<b>-</b>	<b>-</b>	<b>1,26,397 (1,26,397)</b>	<b>1,25,593 (1,22,802)</b>	<b>804 (2,791)</b>	<b>-</b>	<b>1,26,397 (1,25,593)</b>	<b>(0) (804)</b>	<b>804 (3,595)</b>
<b>Grand Total (A) + (B) (Previous Year)</b>	<b>14,46,891 (10,66,441)</b>	<b>3,66,734 (3,80,450)</b>	<b>1,70,790</b>	<b>16,42,835 (14,46,891)</b>	<b>11,20,592 (9,12,735)</b>	<b>3,08,686 (2,07,857)</b>	<b>1,02,160</b>	<b>13,27,118 (11,20,592)</b>	<b>3,15,717 (3,26,299)</b>	<b>3,26,299 (1,53,706)</b>



# DVARA RESEARCH FOUNDATION

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## Notes forming part of Financial Statements:

### 1. Corporate Information

DVARA Research Foundation (Formerly Known as IFMR Finance Foundation) (hereinafter referred to as , " The Company") is a Section 25 company incorporated on 4<sup>th</sup> August 2008 under the Companies Act 1956, as a wholly owned subsidiary of DVARA Trust and is also registered under Section 12AA of the Income Tax Act, 1961. During the financial year 2013-14, the company was registered under the Foreign Contribution Regulation Act, 2010.

### 2. Significant accounting policies

#### 2.1 Basis of accounting and preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules 2014 and the relevant provisions of the Companies Act, 2013, as applicable. The Financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### 2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### 2.3 Cash flow statement

Cash flows are stated using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

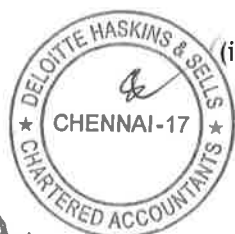
#### 2.4 Cash and Cash equivalents (for purposes of cash flow statement)

Cash Comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### 2.5 Grants:

(i) Grants received towards corpus are treated as capital receipts and taken to corpus fund.

(ii) Other grants received are being treated as revenue receipts.



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# DVARA RESEARCH FOUNDATION

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- ✓ (iii) Grants received towards specific research projects are treated as revenue grants in accordance with the terms of the agreement with the grantors.
- ✓ (iv) Grants disbursed during the year to various grantees are accounted on cash basis.

## 2.6 Depreciation and Amortization:

✓ Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

✓ Depreciation on tangible fixed assets has been provided on the written down value method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

✓ The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

## 2.7 Impairment of assets:

✓ The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

✓ (a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

✓ If the carrying amount of the assets exceeds the estimated recoverable amount, an impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

✓ The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

✓ When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

## 2.8 Employee benefits:

### Defined contribution plan:

#### Provident Fund



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The Company's contribution to provident fund is included in compensation and paid to the employees together with the compensation.

## Defined benefit plans (Long term employee benefits)

### Gratuity

The Company accounts for its liability for future gratuity benefits based on the actuarial valuation, as at the balance sheet date, determined by an Independent Actuary using the Projected Unit Credit method and is provided for. The company's gratuity plan is non-funded.

Actuarial gains and losses are recognized in the Statement of Profit and Loss in the year in which they occur.

### Compensated absences:

Employees are not provided with the benefits for compensated absences.

## 2.9 Taxes on income:

The company is registered under Section 12AA of the Income Tax Act. Accordingly grants received and other income of the company is fully exempt from tax under Section 12AA of the said Act subject to the conditions specified in the said provisions. Therefore, provision for current tax is not required to be made as at the balance sheet date.

As the income is exempt from tax, deferred tax will not apply to this company.

## 2.10 Provisions, contingent liabilities and contingent assets:

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligation arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements.



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## 16. Going Concern:

As at 31st March 2018, the entire net worth of the company has eroded due to the accumulated losses amounting to (INR 15,313,800/-) (Previous Year - INR 16,370,175). Despite the erosion of net worth, the financial statements have been prepared on a going concern basis, as the controlling entity, DVARA Trust has committed towards providing continued financial and operational support for the foreseeable future. Further, the Company has been registered under Foreign Contribution Regulation Act, 2010 which allows access to foreign grants for funding specified projects. The foreign grants received during the year along with details of the project for which the same have been received are detailed in Note No.18 below.

During the year, Bill and Melinda Gates Foundation have additionally granted INR 6,382,041/-, based on achievement of milestones as indicated in the agreement. The agreement with this foundation is valid until 28<sup>th</sup> November 2020 and an amount of USD 558,238 (INR 35,168,868) is expected to be received during the financial year 2018-19 based on the achievement of milestones. Further, the Company has been registered under Foreign Contribution Regulation Act, 2010 which allows access to foreign grants for funding specified projects.

## 17. Contingent Liabilities and Commitments (to the extent not provided for)

Sl No.	Name of the Statute	Nature of Dues	Amount in INR	Period	Forum where dispute is pending
1	Income Tax Act, 1961	Disallowance of grants disbursed prior to incorporation and staff costs.	4,843,630 (PY -4,843,630)	AY 2009-10	The Income Tax Appellate Tribunal has referred the case back to CIT on grounds of "Principle of Natural Justice"

Out of the original demand of INR 4,843,630/-, an amount of INR 1,839,402/- has been deposited with the concerned authorities during 2011-12.

## 18. Grants:

Grants received during the year include:

S.No	Grantor	Amount (INR)	Purpose
1	The World Bank	1,453,707 (Previous Year - 1,629,132)	Publishing research findings of Infographic, presentation of research findings and policy implications at a national-level conference.





# DVARA RESEARCH FOUNDATION

2	Northern Arc Capital Finance Limited (Formerly IFMR Capital)	5,000,000 ₹ (Previous year - 6,616,821)✓	Framing suitability guidelines for Northern Arc Capital (Formerly IFMR Capital) and estimating credit demand/credit potential versus household indebtedness. ✓
3	Bill and Melinda Gates Foundation	6,382,041 ₹ (Previous Year - 68,142,326)✓	"India Future of Finance Initiative" to fund research and innovation aimed at leveraging recent development in India to expand access to high-quality digital financial services to the poor in India. ✓
4	ACCION Technical Advisors India	Nil (Previous Year - 1,318,962)✓	Framing of main opportunities and challenges around the promise of using alternative data and new analytics in India ✓

## Accounting Standards Disclosure

### 19. Employee benefits

The Company's obligation towards Gratuity is a Defined Benefit Plan and no fund is being maintained. The details of actuarial valuation have been given below:

#### Valuation as at 31<sup>st</sup> March 2018

Particulars	2017-18 ✓	2016-17
	Amount in INR	Amount in INR
<b>Movements in Accrued Liability</b>		
Accrued Liability as at beginning of the Year:	1,493,672 ✓	989,725 ✓
Interest Cost	99,927 ✓	73,833 ✓
Current Service Cost	173,700 ✓	110,439 ✓
Past Service Cost	148,525 ✓	Nil ✓
Actuarial (gain) / loss	(1,263,872) ✓	319,675 ✓
Accrued Liability as at the end of the year:	651,952 ✓	1,493,672 ✓
<b>Amounts to be recognized in the Balance Sheet</b>		
Present Value of obligations as on the accounting date:	651,952 ✓	1,493,672 ✓
Fair Value of the Plan Assets	Nil ✓	Nil ✓
Liability to be recognized in the Balance Sheet:	651,952 ✓	1,493,672 ✓
<b>Amounts to be Recognized in the Statement of Profit and Loss</b>		
Interest Cost	99,927 ✓	73,833 ✓
Current Service Cost	173,700 ✓	110,439 ✓



# DVARA RESEARCH FOUNDATION

Valuation as at 31<sup>st</sup> March 2018

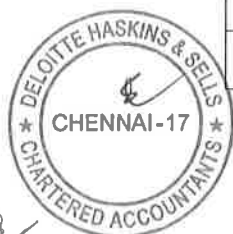
Particulars	2017-18	2016-17
	Amount in INR	Amount in INR
Past Service Cost	148,525	Nil
Net Actuarial (gain) / loss	(1,263,872)	319,675
Net Expenses to be recognized in Statement of Profit and Loss	(841,720)	503,947

Particulars	2017-18	2016-17
	Amount in INR	Amount in INR
<b>Reconciliation</b>		
Net Liability as at the beginning of the year	1,493,672	989,725
Net Expenses in Statement of Profit and Loss	(841,720)	503,947
Benefits Paid	Nil	Nil
Net Liability as at the end of the Year	651,952	1,493,672
<b>Principal Actuarial Assumptions</b>		
Interest Rate (Liabilities)	7.73%	6.69%
Return on Assets	N.A	N.A
Mortality Table	IALM (2006-08)Ult	IALM (2006-08)Ult
Resignation Rate per annum	3.00%	3.00%
Salary Escalation Rate	5.00%	15.00%

Notes:

- The estimate of future salary increase takes in to account inflation, seniority, promotion and other relevant factors.
- Discount rate is the prevailing market yields used by IALM (2006-08) Ult for similar computations.
- Experience Adjustments:

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
On plan Liability (gain)/loss	(841,720)	319,675	(615,469)	583,442	120,025	30,859
On plan Assets	Nil	Nil	Nil	Nil	Nil	Nil



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# DVARA RESEARCH FOUNDATION

(gain) / loss						
Present Value of benefit obligations	651,952	1,493,672	989,725	1,283,730	517,700	255,090
Fair Value of Plan Assets	Nil	Nil	Nil	Nil	Nil	Nil
Excess of obligation over plan assets	651,952	1,493,672	989,725	1,283,730	517,700	255,090

Details relating to experience adjustments are provided to the extent available.

## 20. Segment Reporting:

The Company is primarily engaged in the business of providing access to financial services to the under-served population in the country. All activities of the Company revolve around the main business. Further, the Company does not have any separate geographic segments other than India. As such there are no separate reportable segments as per AS-17 "Segment Reporting".

## 21. Related party disclosures

Information relating to related party transactions for the year ended 31<sup>st</sup> March 2018 (as identified by management and relied upon by Auditors)

### a) Parties where control exists:

Controlling Entity: DVARA Trust (Formerly IFMR Trust) - Represented by DVARA Trusteeship Services Private Limited

### b) Fellow Subsidiaries with whom the Company had transactions during the year:

Northern Arc Capital Limited (Formerly IFMR Capital Finance Private Limited)  
IFMR Holdings Private Limited

### c) Key Management Personnel:

1. Bindu Ananth - Director

No remuneration is paid to the key management personnel by the company.  
Remuneration is paid by the Controlling Entity.

### d) Transactions with related parties during the year:

Related Party	Transaction	(Amount in INR)	
		For the year ended 31st March 2018	For the year ended 31st March 2017
Dvara Trust (Formerly IFMR Trust)	Grant Received	NIL	NIL
	Employee Sharing Cost	3,348,344	2,789,093
	Infrastructure Cost	2,816,667	1,813,333



# DVARA RESEARCH FOUNDATION

	Reimbursement of Expenses	893,082	348,556
IFMR Holdings Pvt Ltd	Reimbursement of Expenses	Nil	375,077
Northern Arc Capital Limited (Formerly IFMR Capital Finance Private Limited)	CSR contribution received	5,000,000	6,616,821

e) Outstanding balances with related parties: ✓

Related Party	Nature of Balance Outstanding at the year end	(Amount in INR)	
		As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
DVARA Trust	Amount Payable	28,030,920	19,867,275
IFMR Holdings Pvt Ltd	Amount Payable	Nil	375,077

22. Earnings per share - Basic and Diluted: ✓

Description	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
	Amount in INR	Amount in INR
Loss for the year attributable to equity shareholders	(31,683,975)	52,162,892
Weighted average shares outstanding during the year (Basic)	10,000	10,000
Weighted average shares outstanding during the year (Diluted)	10,000	10,000
Basic earnings per share	(3,168.40)	5,216.29
Diluted earnings per share	(3,168.40)	5,216.29

23. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure. ✓

For and on behalf of the Board

  
Bindu Ananth  
Director

  
Puneet Gupta  
Director

Place : Chennai  
Date : 25<sup>th</sup> September 2018

