

**Dvara Research Foundation**

**Financial Statements**

**Year Ended MARCH 31, 2019**

## INDEPENDENT AUDITOR'S REPORT

### To The Members of Dvara Research Foundation Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Dvara Research Foundation ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss, and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting 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, of the state of affairs 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 of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

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

- The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the management report and chairman statement, 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 the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

### **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 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 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control." And delete the next statement.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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 books of account.

In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.



- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- 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 the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
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  
UDIN: 19022156AAAABE7182

Place: Chennai  
Date: 29-Aug-2019



Dvara Research Foundation (Formerly Known as IFMR Finance Foundation)  
Balance Sheet as at 31st March, 2019

(Amount in INR)

	Particulars	Note No.	As at 31st March 2019	As at 31st March 2018
I	<b>EQUITY AND LIABILITIES</b>			
	<b>Shareholders' funds</b>			
	Share Capital	3	1,00,000	1,00,000
	Reserves & Surplus	4	4,29,87,994	(1,53,13,802)
			<b>4,30,87,994</b>	<b>(1,52,13,802)</b>
	<b>Corpus Funds</b>	5	2,16,78,822	2,16,78,822
	<b>Non current Liabilities</b>			
	Long-term Provisions	6a	6,66,023	5,95,839
			<b>6,66,023</b>	<b>5,95,839</b>
	<b>Current Liabilities</b>			
	(a) Trade Payables			
	(i) Total outstanding dues to Micro & Small Enterprises		-	-
	(i) Total outstanding dues to creditors other than Micro & Small Enterprises	7a	22,990	3,58,195
	Other Current liabilities	8	3,38,57,015	3,34,75,400
	Short -term Provisions	6b	56,181	56,113
			<b>3,39,36,186</b>	<b>3,38,89,708</b>
	<b>TOTAL</b>		<b>9,93,69,025</b>	<b>4,09,50,567</b>
II.	<b>ASSETS</b>			
	<b>Non-current assets</b>			
	Property, Plant and Equipment	9 (A)	4,52,209	3,15,717
	Intangible assets	9 (B)	-	-
	Long-term loans and Advances	10	54,99,586	41,24,227
			<b>59,51,795</b>	<b>44,39,944</b>
	<b>Current assets</b>			
	Cash and cash equivalents	11	8,65,00,553	3,26,49,784
	Short-term loans and advances	12	65,80,840	36,40,795
	Other current assets	13	3,35,837	2,20,044
			<b>9,34,17,230</b>	<b>3,65,10,623</b>
	<b>TOTAL</b>		<b>9,93,69,025</b>	<b>4,09,50,567</b>

See accompanying notes forming part of the financial statements

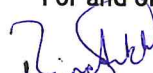
In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants



Bhavani Balasubramanian  
Partner

For and on behalf of the Board



Bindu Ananth  
Director



Samir Amrit Shah  
Director

Place: Chennai

Date: 29th August 2019



Dvara Research Foundation (Formerly Known as IFMR Finance Foundation)

Statement of Profit and Loss for the Period ended 31st March, 2019

(Amount in INR)

Particulars	Note No.	For the year ended 31st March 2019	For the Year ended 31st March 2018
Grants	18	8,97,50,449	1,28,35,748.00
Other Income	14	49,65,035	34,13,988.00
<b>TOTAL REVENUE (I)</b>		<b>9,47,15,484</b>	<b>1,62,49,736.00</b>
<b>EXPENSES</b>			
Employee benefits expense	15	1,65,99,544	1,51,38,586.00
Depreciation and Amortisation	9	3,28,338	3,08,686.00
Other expenses	16	1,94,85,806	3,24,86,441.00
<b>TOTAL EXPENSES (II)</b>		<b>3,64,13,688</b>	<b>4,79,33,713.00</b>
Profit/(Loss) for the Year before tax (I) - (II)		5,83,01,796	(3,16,83,977.00)
Tax Expenses			
Current tax		-	-
Deferred Tax		-	-
		-	-
<b>Profit /(Loss) for the year</b>		<b>5,83,01,796</b>	<b>(3,16,83,977.00)</b>
Earnings per share (of Rs.10 each)	22		
(a) Basic		5,830.18	(3,168.40)
(b) Diluted		5,830.18	(3,168.40)

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants



Bhavani Balasubramanian  
Partner

For and on behalf of the Board



Bindu Ananth  
Director



Samir Amrit Shah  
Director



Place: Chennai

Date: 29th August 2019

Dvara Research Foundation (Formerly Known as IFMR Finance Foundation)  
Cash Flow Statement for the Period ended 31st March, 2019

(Amount in INR)

	Particulars	For the year ended 31st March 2019	For the Year ended 31st March 2018
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
	Profit/(Loss) for the year before Tax	5,83,01,796	(3,16,83,977)
	<u>Adjustments for:</u>		
	Depreciation	3,28,338	3,08,686
	Interest received	(26,69,864)	(5,79,822)
	<b>Operating Profit / (Loss) before working capital changes</b>	<b>5,59,60,270</b>	<b>(3,19,55,113)</b>
	<u>Changes in working capital:</u>		
	<u>Adjustments for (increase)/decrease in operating assets</u>		
	Trade Receivables	-	-
	Long Term Loans and Advances	(1,02,500)	2,67,670
	Short term Loans & Advances	(29,40,045)	(69,591)
	<u>Adjustments for increase/(decrease) in operating Liabilities</u>		
	Trade Payables	(3,35,205)	81,30,651
	Other Current Liabilities	4,51,867	23,16,762
	<b>Cash generated from / (used in) Operations</b>	<b>5,30,34,387</b>	<b>(2,13,09,621)</b>
	Net income taxes paid	-	(2,15,909)
	<b>Net Cash used in Operations (A)</b>	<b>5,30,34,387</b>	<b>(2,15,25,530)</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
	Capital expenditure on Property, Plants and Equipments, including capital advances	(4,64,829)	(3,66,734)
	Investment in Fixed deposit	(5,00,00,000)	-
	Proceeds from sale of Property, Plants and Equipments	-	68,630
	Interest Received	12,81,211	5,79,822
	<b>Net cash used in Investing activities (B)</b>	<b>(4,91,83,618)</b>	<b>2,81,718</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
	Net cash used in financing activities	-	-
	<b>Net Increase in cash and cash equivalents (A+B+C)</b>	<b>38,50,769</b>	<b>(2,12,43,812)</b>
	<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>3,26,49,784</b>	<b>5,38,93,596</b>
	<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>3,65,00,553</b>	<b>3,26,49,784</b>
	<b>Reconciliation of cash and cash equivalents:</b>		
	Cash and Cash Equivalents as per Balance sheet (Refer Note 11)	3,65,00,553	3,26,49,784
	Cash and cash equivalents at the end of the year		
	<b>Comprises:</b>		
	Balances with banks		
	- in Deposit account	3,00,00,000	3,00,00,000
	- in Current account	65,00,535	26,49,766
	- in Cash	18	18

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells

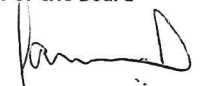
Chartered Accountants



Bhavani Balasubramanian  
Partner

For and on behalf of the Board

  
Bindu Ananth  
Director

  
Samir Amrit Shah  
Director

Place: Chennai

Date: 29th August 2019





(Amount in INR)

Particulars	As at 31st March 2019		As at 31st March 2018	
	No. of shares	Amount in (INR)	No. of shares	Amount in (INR)
<b>Note 3 - Share Capital</b>				
Authorised				
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>
Issued, Subscribed and Fully Paid up				
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>
Details of shares held by each shareholder more than 5% shares				

Name of the Shareholder	As at 31st March 2019		As at 31st March 2018	
	No. of shares held	% of shareholding	No. of shares held	% of shareholding
DVARA 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.

Reconciliation of number of equity shares and amount outstanding as at 31st March, 2019				
Particulars	As at 31st March 2019		As at 31st March 2018	
	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



Dvara Research Foundation (Formerly Known as IFMR Finance Foundation)

Notes forming part of Financial statements as at 31st March, 2019

(Amount in INR)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Note 4: Reserves &amp; Surplus</b>		
Surplus / (Deficit) in Statement of Profit & loss		
Opening balance	(1,53,13,802.00)	1,63,70,175
Add: Profit/(Loss) for the year	5,83,01,796.00	(3,16,83,977)
<b>Closing balance</b>	<b>4,29,87,994.00</b>	<b>(1,53,13,802)</b>
<b>Note 5: Corpus Funds</b>		
Grants Received	10,00,00,000.00	10,00,00,000
Less: Utilized for admin and other expense	(7,83,21,178.00)	(7,83,21,178)
<b>Balance Available for utilisation</b>	<b>2,16,78,822.00</b>	<b>2,16,78,822</b>
<p>Note: An amount of INR 190 Million was received from ICICI Foundation for Inclusive Growth in 2008-09, out of which INR 100,000,000 was towards corpus and INR 90,000,000 towards non-specific revenue grants. The revenue grants received have been utilised in entirety within 31st March 2010. Therefore, the Company has, in accordance with the grant sanction letter of the Donor, utilised the unutilised amounts of the corpus of INR 100,000,000 towards disbursement of grants and to meet other administration expenses.</p>		
<b>Note 6a: Long-term Provision</b>		
Provision for Employee Benefits - Gratuity (Refer Note 19)	6,66,023	5,95,839
<b>Total</b>	<b>6,66,023</b>	<b>5,95,839</b>
<b>Note 6b: Short-term Provision</b>		
Provision for Employee Benefits - Gratuity (Refer Note 19)	56,181	56,113
<b>Total</b>	<b>56,181</b>	<b>56,113</b>
<b>Note 7a: Trade Payables</b>		
Trade Payable		
Acceptances		
Other than Acceptances		
- dues to Micro and Small Enterprises	-	-
- dues to creditors other than Micro and Small Enterprises	22,990	3,58,195
<b>Total</b>	<b>22,990</b>	<b>3,58,195</b>
<b>Note 7b: Dues to Micro &amp; Small enterprises</b>		
<p>In accordance with the Notification No. GSR 719 (E) dated 4th September 2015 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.</p>		
(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
<p>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.</p>		



Dvara Research Foundation (Formerly Known as IFMR Finance Foundation)

Notes forming part of Financial statements as at 31st March, 2019

(Amount in INR)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Note 8: Other current liabilities</b>		
Statutory remittances	2,11,984	3,68,474
Advance from Related Parties (Refer Note 21)	2,89,70,467	2,80,30,920
Other Liabilities	46,74,564	50,76,006
<b>Total</b>	<b>3,38,57,015</b>	<b>3,34,75,400</b>
<b>Note 10: Long Term Loans and Advances (Unsecured, considered good)</b>		
Security Deposit	72,500	-
Advance Taxes and tax deducted at source (Net of provision for tax - NIL (PY - NIL))	45,24,086	32,51,227
Loans & Advances to Employees	9,03,000	8,73,000
<b>Total</b>	<b>54,99,586</b>	<b>41,24,227</b>
<b>Note 11: Cash and Cash Equivalents</b>		
Cash and cash equivalents (as per AS 3 - cash flow statements)		
(a) Cash on hand	18	18
(b) Balance with banks		
i) Current accounts	65,00,535	26,49,766
ii) in other deposit account		
-original maturity of 3 months or less	3,00,00,000	3,00,00,000
(c) Other bank balances		
i) in other deposit account		
-original maturity more than 3 months	5,00,00,000	-
<b>Total</b>	<b>8,65,00,553</b>	<b>3,26,49,784</b>
<b>Of the above, the balances that meet the definition of cash and cash Equivalents as per AS 3</b>	<b>3,65,00,553</b>	<b>3,26,49,784</b>
<b>Note 12: Short-term loans and advances (Unsecured, Considered good)</b>		
Prepaid Expenses	1,28,165	-
Loans & Advances to Employees	90,367	-
Balances with Government Authorities	60,29,799	35,28,415
Advances recoverable in cash or in kind or for value to be received	3,32,509	1,12,380
<b>Total</b>	<b>65,80,840</b>	<b>36,40,795</b>
<b>Note 13: Other current assets</b>		
Accrued Income on Fixed Deposits	3,35,837	2,20,044
<b>Total</b>	<b>3,35,837</b>	<b>2,20,044</b>



Dvara Research Foundation (Formerly Known as IFMR Finance Foundation)

Notes forming part of Financial statements as at 31st March, 2019

(Amount in INR)

Particulars	For the year ended 31st March 2019		For the Year ended 31st March 2018	
<b>Note 14: Other Income</b>				
(1) Interest from banks on:				
(a) Deposits		26,69,864		21,59,091
(b) FCRA Account		3,95,761		3,67,433
(2) Other non - operating income:				
Provision no longer required written back		5,75,046		8,87,464
Professional Services		13,24,364		-
<b>Total</b>		<b>49,65,035</b>		<b>34,13,988</b>
<b>Note 15: Employee Benefit Expenses</b>				
Salaries, Allowances and Bonus		1,58,87,245		1,41,20,400
Gratuity		70,252		-
Staff Welfare Expenses		6,42,047		10,18,186
<b>Total</b>		<b>1,65,99,544</b>		<b>1,51,38,586</b>
<b>Note 16: Other expenses</b>				
Rent and Amenities		34,69,320		29,24,771
Repairs and Maintenance		31,038		12,575
Insurance		6,371		-
Rates and Taxes		73,703		51,117
Travelling and Conveyance		42,55,310		36,21,860
Printing and Stationery		1,10,462		1,34,672
Legal & Professional Charges		61,83,801		1,68,62,141
Consultancy Charges		32,45,008		38,91,010
Telephone Expenses		1,82,493		1,58,929
Seminar and Meeting Expenses		1,77,271		28,128
Sitting Fees		75,000		-
Postage & Courier		30,383		-
Subscription		62,155		2,00,656
Website maintenance and internet expenses		4,03,826		2,08,244
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	-	4,00,000
Exchange Loss		51,340		-
Service Tax written off		-		37,86,620
Miscellaneous expenses		7,28,325		2,05,719
<b>Total</b>		<b>1,94,85,806</b>		<b>3,24,86,442</b>



Dvara Research Foundation (Formerly Known as IFMR Finance Foundation)  
Notes forming part of Financial statements as at 31st March, 2019

Note 9: Fixed Asset

Asset	Gross Block						Depreciation and Amortisation				Net Block	
	As at 1st April 2018	Additions	Deletions	As at 31st March 2019	As at 1st April 2018	For the year	On Deletions	As at 31st March 2019	As at 31st March 2019	As at 31st March 2018		
(A) Property, Plant and Equipment												
Computers (Previous Year)	13,95,193 (13,14,024)	4,64,829 (2,51,959)	- (1,70,790)	18,60,022 (13,95,193)	11,83,226 (9,90,202)	2,81,575 (2,95,184)	- (1,02,160)	14,64,801 (11,83,226)	3,95,221 (2,11,967)	2,11,967 (3,23,822)		
Office Equipment (Previous Year)	1,21,245 (6,470)	- (1,14,775)	- -	1,21,245 (1,21,245)	17,495 (4,797)	46,762 (12,698)	- -	64,257 (17,495)	56,988 (1,03,750)	1,03,750 (1,673)		
<b>Total</b>	<b>15,16,438</b>	<b>4,64,829</b>	<b>-</b>	<b>19,81,267</b>	<b>12,00,721</b>	<b>3,28,337</b>	<b>-</b>	<b>15,29,058</b>	<b>4,52,209</b>	<b>3,15,717</b>		
(Previous Year)	(13,20,494)	(3,66,734)	(1,70,790)	(15,16,438)	(9,94,999)	(3,07,882)	(1,02,160)	(12,00,721)	(3,15,717)	(3,25,495)		
(B) Intangible Assets												
Software (Previous Year)	1,26,397 (1,26,397)	- -	- -	1,26,397 (1,26,397)	1,26,396 (1,25,593)	1 (804)	- -	1,26,397 (1,26,397)	- -	- (804)		
<b>Total</b>	<b>1,26,397</b>	<b>-</b>	<b>-</b>	<b>1,26,397</b>	<b>1,26,396</b>	<b>1</b>	<b>-</b>	<b>1,26,397</b>	<b>-</b>	<b>-</b>		
(Previous Year)	(1,26,397)	-	-	(1,26,397)	(1,25,593)	(804)	-	(1,26,397)	-	(804)		
<b>Grand Total (A) + (B)</b>	<b>16,42,835</b>	<b>4,64,829</b>	<b>-</b>	<b>21,07,664</b>	<b>13,27,117</b>	<b>3,28,338</b>	<b>-</b>	<b>16,55,455</b>	<b>4,52,209</b>	<b>3,15,717</b>		
(Previous Year)	(14,46,891)	(3,66,734)	(1,70,790)	(16,42,835)	(11,20,592)	(3,08,686)	(1,02,160)	(13,27,118)	(3,15,717)	(3,26,299)		



# 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.



# 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.



# DVARA RESEARCH FOUNDATION

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## 2.8 Employee benefits:

### Defined contribution plan:

#### Provident Fund

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.





# DVARA RESEARCH FOUNDATION

## 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"
2	Income Tax Act, 1961	Disallowance of Employee Benefit Expenses, rent and Legal and Professional charges	5,029,352	AY 2016-17	Appeal filed before CIT(A) and awaiting hearing notice from CIT(A)

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.

Out of the total demand of INR 5,039,352/- an amount of INR 1,005,871/- has been deposited with the concerned authorities during FY 2018-19.

## 18. Grants:

Grants received during the year include:

S.No	Grantor	Amount (INR)	Purpose
1	The World Bank	Nil (Previous Year - 1,453,707)	Publishing research findings of Infographic, presentation of research findings and policy implications at a national-level conference.
2	Northern Arc Capital Finance Limited (Formerly IFMR Capital)	5,000,000 (Previous year - 5,000,000)	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	8,47,50,449 (Previous Year - 6,382,041)	"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.



# DVARA RESEARCH FOUNDATION

## 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 2019

Particulars	2018-19	2017-18
	Amount in INR	Amount in INR
<b>Movements in Accrued Liability</b>		
Accrued Liability as at beginning of the Year:	651,952	1,493,672
Interest Cost	50,396	99,927
Current Service Cost	140,726	173,700
Past Service Cost	-	148,525
Actuarial (gain) / loss	(120,870)	(1,263,872)
Accrued Liability as at the end of the year:	722,204	651,952
<b>Amounts to be recognized in the Balance Sheet</b>		
Present Value of obligations as on the accounting date:	722,204	651,952
Fair Value of the Plan Assets	Nil	Nil
Liability to be recognized in the Balance Sheet:	722,204	651,952
<b>Amounts to be Recognized in the Statement of Profit and Loss</b>		
Interest Cost	50,396	99,927
Current Service Cost	173,700	173,700
Past Service Cost	140,726	148,525
Net Actuarial (gain) / loss	(120,870)	(1,263,872)
Net Expenses to be recognized in Statement of Profit and Loss	70,252	(841,720)

Particulars	2018-19	2017-18
	Amount in INR	Amount in INR
<b>Reconciliation</b>		
Net Liability as at the beginning of the year	651,952	1,493,672



# DVARA RESEARCH FOUNDATION

Particulars	2018-19	2017-18
	Amount in INR	Amount in INR
Net Expenses in Statement of Profit and Loss	70,252	(841,720)
Benefits Paid	Nil	Nil
Net Liability as at the end of the Year	722,204	651,952
<b>Principal Actuarial Assumptions</b>		
Interest Rate (Liabilities)	7.66%	7.73%
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%	5.00%

## Notes:

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

Particulars	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
On plan Liability (gain)/loss	70,252	(841,720)	319,675	(615,469)	583,442	120,025
On plan Assets (gain) / loss	Nil	Nil	Nil	Nil	Nil	Nil
Present Value of benefit obligations	722,204	651,952	1,493,672	989,725	1,283,730	517,700
Fair Value of Plan Assets	Nil	Nil	Nil	Nil	Nil	Nil
Excess of obligation over plan assets	722,204	651,952	1,493,672	989,725	1,283,730	517,700

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".



# DVARA RESEARCH FOUNDATION

## 21. Related party disclosures

Information relating to related party transactions for the year ended 31<sup>st</sup> March 2019 (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

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

(Amount in INR)

Related Party	Transaction	For the year ended 31st March 2019	For the year ended 31st March 2018
Dvara Trust (Formerly IFMR Trust)	Grant Received	NIL	NIL
	Employee Sharing Cost	1,303,619	3,348,344
	Infrastructure Cost	3,166,668	2,816,667
	Reimbursement of Expenses	1,284,048	893,082
	Reimbursement to be received	295,000	NIL
Northern Arc Capital Limited (Formerly IFMR Capital Finance Private Limited)	CSR contribution received	5,000,000	5,000,000
Dvara Solutions Private Limited	Reimbursement of Expenses	3,600	NIL

### d) Outstanding balances with related parties:

(Amount in INR)

Related Party	Nature of Balance Outstanding at the year end	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
DVARA Trust	Amount Payable	28,970,467	28,030,920
Dvara Solutions Private Limited	Amount Payable	3,600	NIL



# DVARA RESEARCH FOUNDATION

## 22. Earnings per share - Basic and Diluted:

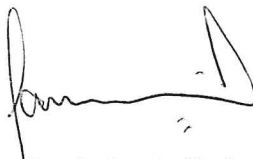
Description	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
	Amount in INR	Amount in INR
Loss for the year attributable to equity shareholders	58,301,796	(31,683,975)
Weighted average shares outstanding during the year (Basic)	10,000	10,000
Weighted average shares outstanding during the year (Diluted)	10,000	10,000
Basic earnings per share	5,830.18	(3,168.40)
Diluted earnings per share	5,830.18	(3,168.40)

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



Samir Amrit Shah  
Director

Place : Chennai

Date : 29<sup>th</sup> August 2019

