

INDEPENDENT AUDITOR'S REPORT

To the Members of KBL SERVICES LIMITED

Report on Audit of the Standalone Financial Statements

Opinion:

We have audited the standalone financial statements of KBL SERVICES LIMITED ("the Company") which comprise of Balance Sheet as at March 31, 2021, the Statement of Profit & Loss, the Statement of Cash Flow for the period then ended, notes to 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 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, losses and its cash flows for the period ended on that date.

Basis of Opinion:

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

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

The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the board report 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 in the 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.

Responsibilities 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 standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity 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 Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone 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 judgement and maintain professional scepticism through the audit. We also:

- Identify and assess the risks of material misstatement of the standalone 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 system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company 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 standalone 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 Companies Act, 2013, we give in the "Annexure – A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone 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 March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure - B".

- g) With respect to the other matters to be included in the Auditor's Report in accordance with requirement of Section 197 (16) of the Act, as amended:

In our opinion the said section is not applicable to a private limited company.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i) Based on the information and as represented to us by the Company has no pending litigations on its financial positions as on March 31, 2021.
- ii) The Company did not have any long-term contracts as required under the applicable law or accounting standards, and has also not entered into any derivative contracts, accordingly no provision is required to be made in respect of material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B.K.RAMADHYANI & CO LLP
Chartered Accountants
Firm Registration No. 002878S/S200021

Sd/-
(CA Vasuki H S)
Partner
Membership No. 212013
UDIN: 21212013AAAACH2790

Place: Bangalore
Date: May 18, 2021

ANNEXURE-A REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT TO THE MEMBERS OF KBL SERVICES LIMITED.

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant & Equipment (“PPE”) .
b) The Company has conducted physical verification of inventories at reasonable intervals. There were no material discrepancies noticed and no adjustments are required to be made in the books of accounts.
c) According to the information and explanations given by the management, the company does not hold any immovable properties during the period. Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable to the Company
2. During the period under review, the company does not hold any inventory at any point of time. Accordingly, the provisions of clause 3 (ii) of the Order are not applicable to the Company
3. According to the information and explanations given 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 Companies Act, 2013 (“the Act”). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company.
4. According to the information and explanations given to us, the Company has not granted any loans and advances, nor have made investments and provided any guarantees or securities to directors including entities in which they are interested during the period under audit in relation to Section 185 and 186 of the Act. Accordingly, the provisions of clause 3 (iv) of the Order are not applicable to the Company.
5. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
6. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(l) of the Act, for the services of the Company. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
7. a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, employees’ State Insurance, Income-tax, Sales-tax, Service Tax, duty of customs, duty of excise, value added tax, cess, as applicable, to the appropriate authorities as at March 31, 2021. There were no outstanding statutory dues more than six months from the date they became payable as at March 31, 2021.
b) According to the records of the Company and according to the information and explanation given to us, there are no dues outstanding on account of any disputes in respect of dues of income tax as at March 31, 2021. It was explained that sales tax or service tax or duty of customs or duty of excise or value added tax were not applicable to the Company.
8. The Company has not taken any loans from financial institutions, banks, Government or issued debentures. Accordingly, the provisions of clause 3(viii) of the said order are not applicable

9. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, the provisions of clause 3(ix) of the said Order are not applicable to the company.
10. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no material fraud by the Company or on the Company by its officers and employees has been noticed or reported during the period under review.
11. According to the information and explanations given by the management, the Company has not paid any managerial remuneration during the year and hence reporting under clause 3(xi) of the Order are not applicable
12. The Company is not a Nidhi Company. Accordingly, the provisions of clause 3(xii) of the said Order are not applicable.
13. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company
14. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully/partly convertible debentures during the year. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
15. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Act.
16. According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company

For B.K. RAMADHYANI & CO LLP
Chartered Accountants
Firm Registration No. 0028785/S200021

Sd/-
(CA Vasuki H S)
Partner
Membership No. 212013
UDIN: 21212013AAAACH2790

Place: Bangalore
Date: May 18, 2021

ANNEXURE-B REFERRED TO IN PARAGRAPH 2 (f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT TO THE MEMBERS OF KBL SERVICES LIMITED.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”):

We have audited the internal financial controls over financial reporting of KBL Services Limited (“the Company”) as of March 31, 2021 in conjunction with our audit of the Ind AS 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”. 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 Companies Act, 2013 (“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 auditor’s judgement, 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect

the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting:

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

Opinion:

In our opinion, the Company, in all material respects, has an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, 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”.

**For B.K.RAMADHYANI & CO LLP
Chartered Accountants
Firm Registration No. 002878S/S200021**

**Sd/-
(CA Vasuki H S)
Partner
Membership No. 212013
UDIN: 21212013AAAACH2790**

**Place: Bangalore
Date: May 18, 2021**

KBL SERVICES LIMITED
CIN: U74900KA2020PLC135108
BALANCE SHEET AS AT MARCH 31, 2021

SL. No	Particulars	Note No.	As at March 31, 2021	
			Rs.	Rs.
I.	EQUITY AND LIABILITIES			
1	Share holder's Funds			
(a)	Share Capital	3	50,00,000	
(b)	Reserves & Surplus	4	(11,05,722)	38,94,278
2	Non Current Liabilities			
(a)	Long Term Borrowings		-	
(b)	Deferred tax liability (Net)		-	
(c)	Long Term Provisions		-	
3	Current Liabilities			
(a)	Short Term Borrowings		-	
(b)	Trade Payables		-	
a)	Total outstanding dues of micro enterprises and small enterprises	5	-	
b)	Total outstanding dues of creditors other than micro enterprises and small enterprise	5	13,875	
(c)	Other Current Liabilities	6	17,997	
(d)	Short Term Provisions	7	13,875	45,747
	TOTAL			39,40,025
II.	ASSETS			
1	Non Current Assets			
(a)	Property, Plant and Equipment			
(i)	Tangible Assets	8	70,259	
(ii)	Intangible Assets	8	35,390	
(iii)	Intangible Assets under Development		-	
(b)	Non current Investments		-	
(c)	Long Term Loans and Advances	9	10,000	1,15,649
2	Current Assets			
(a)	Current investments		-	
(b)	Inventories		-	
(c)	Trade Receivables		-	
(d)	Cash and cash equivalents	10	36,68,325	
(e)	Short Term Loans and Advances		-	
(f)	Other current assets	11	1,56,051	38,24,376
	TOTAL			39,40,025

See Accompanying Notes 1 to 20 to the financial statements

In Accordance with our Report of even date attached.

For B K Ramadhyani & Co. LLP

Chartered Accountants

Firm Registration No. 002878S/S200021

Sd/-

(CA VASUKI H S)

Partner

Membership No: 212013

Place: Bengaluru

Date: May 18, 2021

For and on behalf of Board of Directors of
KBL SERVICES LIMITED

Sd/-

BALEBAIL RAJAGOPAL ASHOK

DIN: 415934

Place: Chennai

Sd/-

MAHABALESHWARA M.S.

DIN: 07645317

Place: Mangaluru

KBL SERVICES LIMITED
CIN: U74900KA2020PLC135108
STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED MARCH 31, 2021

SL. No	Particulars	Note No.	For the Period June 21,2020 to March 31, 2021
			Rs.
(i)	Revenue from operations		-
(ii)	Other income	12	95,612
(iii)	TOTAL REVENUE (i+ii)		95,612
(iv)	Expenses :		
	Employee benefits expenses	13	24,408
	Finance costs	14	764
	Depreciation and amortisation expense	8	6,927
	Other expenses	15	11,69,235
	TOTAL EXPENSES		12,01,334
(v)	Profit/(Loss) before exceptional, extraordinary items & tax (iii-iv)		(11,05,722)
(vi)	Exceptional items		-
(vii)	Extraordinary items		-
(ix)	Profit/(Loss) before tax (ix= v-vi-vii)		(11,05,722)
(x)	Tax Expense		
	Current tax		-
	Prior year taxes		-
	Deferred Tax		-
	Total tax expense		-
(xi)	Profit/(Loss) after tax (xi=ix-x)		(11,05,722)
(xii)	Earning per share equity share (Face Value of Rs 10 per share) Basic and Diluted EPS	16	(2.21)

See Accompanying Notes 1 to 20 to the financial statements

In Accordance with our Report attached

For B.K. Ramadhyani & Co. LLP
Chartered Accountants
Registration No. 0028785/S200021

Sd/-

(CA VASUKI H S)
Partner
Membership No: 212013

Place: Bengaluru
Date: May 18, 2021

For and on behalf of Board of Directors
of KBL SERVICES LIMITED

Sd/-

BALEBAIL RAJAGOPAL ASHOK
DIN: 415934
Place: Chennai

Sd/-

MAHABALESHWARA M.S.
DIN: 07645317
Place: Mangaluru

KBL SERVICES LIMITED		
CIN: U74900KA2020PLC135108		
CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2021		
Particulars	Period ended March 31, 2021	
	Rs	Rs
Cash flows from operating activities		
Loss before taxation		(11,05,722)
Adjustment to reconcile profit / Loss before tax to net cash flows:		
Depreciation	6,927	6,927
Operating profit before working capital changes		(10,98,795)
(Increase)/ decrease in long-term loans and advances	(10,000)	
(Increase)/ decrease in Short-term loans and advances	(1,48,880)	
Increase/ (decrease) in trade payables current liabilities and provisions	45,747	(1,13,133)
Cash generated from operations		(12,11,928)
Direct taxes paid, net	(7,171)	(7,171)
Net cash flow from operating activities (A)		(12,19,099)
Cash flows from investing activities		
Purchase of Fixed Assets	(1,12,576)	(1,12,576)
Net cash flow (used in) investing activities (B)		(1,12,576)
Cash flows from financing activities		
Proceeds from Issue of Shares	50,00,000	50,00,000
Net cash flow (used in) in financing activities (C)		50,00,000
Net increase/(decrease) in cash and cash equivalents (A + B + C)		36,68,325
Cash and cash equivalents at beginning		-
Cash and cash equivalents at end of period		36,68,325
Cash flow statement has been prepared under indirect method		
In Accordance with our Report attached For B.K. Ramadhyani & Co. LLP Chartered Accountants Registration No. 0028785/S200021		For and on behalf of Board of Directors of KBL SERVICES LIMITED
Sd/- (CA VASUKI H S) Partner Membership No: 212013 Place: Bengaluru Date: May 18, 2021		Sd/- BALEBAIL RAJAGOPAL ASHOK DIN: 415934 Place: Chennai
		Sd/- MAHABALESHWARA M.S. DIN: 07645317 Place: Mangaluru

KBL SERVICES LIMITED
Notes to Financial Statements

1. Background

KBL Services Limited (the Company) is a non government unlisted public company limited by shares, incorporated on June 21, 2020 under the provisions of the Companies Act, 2013 with the object of engaging in Business Sourcing of banking products (like advances, CASA Deposit and non banking products), document collections and co-ordinations, conducting events for lead generations, contact center management, management of banking channels, back end processing activities for Karnataka Bank Limited (Holding Company)

2.1 Summary of significant accounting policies

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis unless otherwise stated, in accordance with the accounting principles generally accepted in India and comply in all material aspects with the mandatory Accounting Standards notified by the Central Government of India under relevant provisions of the Companies Act, 2013 and rules made thereunder, as amended from time to time.

b) Use of Estimates

The preparation of the said financial statements in conformity with the Accounting Standards (AS) requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Any revision to accounting estimates is recognized prospectively. Accounting estimates could change from period to period and have actual results could differ from those estimates.

c) Classification of Assets and Liabilities as Current and Non-Current:

All Assets and Liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Considering the nature of services rendered/to be rendered to its customer and time elapse between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

d) Plant, Property and Equipment and Depreciation

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

Depreciation on fixed assets is provided proportionate to the period of use on straight line basis, based on useful life stipulated in Schedule II of the Companies Act 2013.

e) Cash and Cash equivalents

Cash and Cash Equivalents in the Balance Sheet comprise cash at bank and in hand and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

KBL SERVICES LIMITED
Notes to Financial Statements

f) Leases:

Where the Company is lessee:

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss.

Where the Company is the lessor:

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in - Property, Plant & equipment. Lease income on an operating lease is recognized in the statement of profit and loss.

g) Employee Benefits

Short-term employee benefits:

Employee benefits payable wholly within twelve months of rendering the service are classified as short term. Benefits such as salaries, bonus, leave travel allowance etc. are recognized in the period in which the employee renders the related service.

Post-employment benefits:

Defined Contribution Plans:

Provident Fund:

The Company has contributed to provident and pension funds which are defined contribution plans. The contributions paid/ payable under the scheme are recognized during the year in which employee renders the related service.

Defined Benefit Plans:

Gratuity:

Employees' gratuity is defined benefit plan. The present value of the obligation under such plan is determined based on actuarial valuation using the Projected Unit Credit Method which considers each year of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognized immediately in the statement of profit and loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields as at the balance sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms that matches to the defined benefit obligation.

Compensated absences and Leave entitlements:

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end 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.

KBL SERVICES LIMITED
Notes to Financial Statements

h) Earning Per Share

In determining Earnings per Share the entity considers the net earnings after tax.

Basic Earnings per Share

Basic earnings per share is computed by dividing the net profit or loss attributable to equity share holders by the weighted average number of equity shares outstanding during the period, after giving effect for events including bonus issue, share split, buy back of shares and rights issue to the share holders.

Diluted Earnings per Share

For computing diluted earnings per share, the net profit or loss attributable to equity share holders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. Further the company has not issued any potential equity shares.

i) Provisions, Contingent Liabilities and Contingent Assets:

The company recognizes provisions for liabilities and expenditures existing as on the date of balance sheet for which an outflow of resources are probable as a result of past events and for which reliable estimates can be made, as required as per the provisions of AS 29 - "Provisions, Contingent Liabilities and Contingent Assets".

Further in case of any obligation, where outflow of resources is not probable, no provision is recognized but appropriate disclosure made as contingent liabilities unless the possibility of outflow is remote.

Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A Contingent Liability is a possible obligation that arise from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognizable because it is not probable that an outflow of resources will be required to settle the obligation. The company does not recognize a contingent liability but discloses its existence in the financial statements.

j) Income Tax:

i. Tax expense comprises both current and deferred taxes.

ii. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Provision for current income tax is made at the current tax rates based on assessable income.

iii. Deferred income taxes reflect the impact of current year's timing differences between taxable income and accounting income for the year. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets, other than unabsorbed depreciation and tax losses carried forward, are recognized 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 realized.

KBL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS

NOTE-3 : SHARE CAPITAL

SL. No	Particulars	As at March 31, 2021	
		Number	Rs.
i)	Authorised Capital		
	Equity Shares of Rs.10 each	10,00,000	1,00,00,000
			1,00,00,000
	Issued, Subscribed & Paid up Equity Share Capital		
Issued during the period	5,00,000		
At the end of the period ended March 31, 2021	5,00,000	50,00,000	
			50,00,000
Other Information:			
Terms and Rights attached to equity shares:			
The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to vote as detailed below:			
(a) on a show of hands, every member present in person shall have one vote; and			
(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.			
In event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.			
The distribution will be in proportion to the number of equity shares held by the			
A)	Details of shareholders holding more than 5% shares in Company:		
	Name of Shareholder	No of Shares	Percentage
	Equity shares of Rs.10 each fully paid Karnataka Bank limited. (Including legal and beneficial ownership of 6 equity shares)	5,00,000	100.00%
	As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.		
NOTE- 4: RESERVES & SURPLUS			
	Profit/(Loss) for the period as per statement of Profit and loss		(11,05,722)
	At the end of the period		(11,05,722)
	Total		(11,05,722)

NOTE- 5: TRADE PAYABLES		
i)	To Micro, Small and Medium Enterprises	-
ii)	To related parties	-
iii)	To others	13,875
	TOTAL	13,875
NOTE- 6: OTHER CURRENT LIABILITIES		
i)	Statutory dues	17,997
ii)	Other payables	-
	TOTAL	17,997
NOTE- 7: SHORT TERM PROVISIONS		
i)	Provision for expenses	13,875
	TOTAL	13,875

KBL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS

NOTE-8: Property, Plant and Equipment

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK
	As at April 1, 2020	Additions for the year	Deductions during the year	As at March 31, 2021	As at April 1, 2020	For the year	Deductions	As at March 31, 2021	As at March 31, 2021
<u>Tangible Assets</u>									
Computers	-	74,871	-	74,871	-	4,612	-	4,612	70,259
	-	74,871	-	74,871	-	4,612	-	4,612	70,259
<u>Intangible Assets</u>									
Computer software	-	37,705	-	37,705	-	2,315	-	2,315	35,390
	-	37,705	-	37,705	-	2,315	-	2,315	35,390
	-	1,12,576	-	1,12,576	-	6,927	-	6,927	1,05,649

KBL SERVICES LIMITED		
NOTES TO FINANCIAL STATEMENTS		
	PARTICULARS	As at March 31, 2021
	<u>NOTE-9: LONG TERM ADVANCES:</u>	
	Unsecured and considered good Security deposit	10,000
		10,000
	<u>NOTE-10: CASH & CASH EQUIVALENTS</u>	
	Cash in hand	-
	Balances at bank	1,68,325
	<u>Other bank balances</u>	
	Deposit with bank	35,00,000
		36,68,325
	<u>NOTE-11: Other current assets</u>	
	Prepaid expenses	7,640
	Interest accrued on fixed deposit	88,441
	Tax deducted at source	7,171
	GST input tax credit	52,799
		1,56,051

KBL SERVICES LIMITED	
NOTES TO FINANCIAL STATEMENTS	
PARTICULARS	For the Period June 21,2020 to March 31, 2021
<u>NOTE-12 :OTHER INCOME</u>	
Other Income	95,612
	95,612
<u>NOTE-13 :EMPLOYEE COST</u>	
Salary and wages	24,408
	24,408
<u>NOTE-14 :FINANCE COST</u>	
Bank Charges, Commission and Others	764
	764
<u>NOTE-15: OTHER EXPENSES</u>	
a) Payment to the auditors - as auditor	45,000
b) Rates and taxes	13,204
c) Preliminary expenses written off	8,53,950
d) Professional Charges	53,700
e) Sitting fees paid to directors	1,90,000
f) Miscellaneous expenses	6,125
g) Rent Expenses	7,256
Total	11,69,235
<u>NOTE-16: EARNINGS PER SHARE (EPS)</u>	
Weighted average number of shares	5,00,000
Nominal value per equity share in Rs	10
Net profit after tax attributable to equity shareholders	(11,05,722)
Basic earnings per share (Rs)	(2.21)
Diluted earnings per share (Rs)	(2.21)

KBL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS

17 Related party disclosures:

Name of the Related Parties	Relationship
BALEBAIL RAJAGOPAL ASHOK RAMMOHAN BELLE RAO MYTHILY RAMESH MAVINAKUDIGE SUBRAMANYABHATTA MAHABALESHWARA	Key management personnel
Karnataka Bank Limited	Holding Company

Details of Transactions:-

Nature of Transaction	Key Managerial Personal	Holding Company
<u>Amount received during the period</u> -Karnataka Bank Limited	-	50,00,000
<u>Due from Related party</u> -Karnataka Bank Limited (Accrued Interest receivable) -Karnataka Bank Limited (Balances with Bank)	-	88,441 36,68,325
<u>Fixed Deposit placed during the period</u> -Karnataka Bank Limited (Balances with Bank)	-	35,00,000
<u>Director's sitting fees*</u> -RAMMOHAN BELLE RAO - MYTHILY RAMESH -BALEBAIL RAJAGOPAL ASHOK	59,000 1,06,200 59,000	- - -
<u>Interest Income</u> -Karnataka Bank Limited (Balances with Bank)	-	95,612
<u>Subscription to shares of the Company</u> -Karnataka Bank Limited	-	50,00,000
<u>Incorporation expenditure</u> -Karnataka Bank Limited	-	8,34,951
<u>Bank Charges</u> -Karnataka Bank Limited	-	764

Note: Transactions reported above are for the period From June 21,2020 to March 31, 2021

*Inclusive of GST

18 Deferred Tax Asset :

On account of	As at March 31, 2021
Deferred Tax Liability :	
On account of timing differences in recognition of depreciation	(3,923)
Deferred Tax Asset :	
Expenses Disallowed under IT Act, eligible for claim in year of payment and deduction under Section 35D	1,71,938
Carryforward Income tax losses	1,10,274

The Company is yet to commence its operations. Therefore, Deferred tax assets has not been recognized.

19 The Company has recruited few employees effective March 30, 2021. Considering the number of employees and their remuneration incurred during the period ended March 31,, 2021, the Company has not recognised any obligation for post employment benefits as they are not material.

20 Being the first year since the date of incorporation of the Company, previous period figures are not applicable.