



# **ANNUAL REPORT**

## **2021-22**

**Federal Operations and Services Limited**

A wholly owned Subsidiary of **The Federal Bank Limited**

Door No.08/628, Federal Towers

Bank Junction, Aluva, Ernakulam-683 101



**FEDERAL OPERATIONS AND SERVICES LIMITED**

**CIN: U74999KL2018PLC055298**

**REGISTERED OFFICE: DOOR NO. 8/628, FIRST FLOOR, FEDERAL TOWERS,  
BANK JUNCTION, ALUVA, ERNAKULAM, 683101**

**Email: johnson@federalbank.co.in**

**website: www. Fedserv.co.in**

**Date: August 12, 2022**

**Notice To Shareholders**

Notice is hereby given that **Fourth Annual General Meeting** of the members of Federal Operations and Services Limited will be held as shown below:-

<b>Meeting</b>	<b>Day and Date</b>	<b>Time</b>	<b>Venue</b>
Annual General Meeting FY 2022-23	September 14, 2022 (Wednesday)	01.00 PM	through VC/OAVM

to transact the following businesses-

**ORDINARY BUSINESSES**

1. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**To receive, consider and adopt the audited financial statements, including audited Balance Sheet and Profit and Loss Account of the company for the financial year ended March 31, 2022 and the Reports of the Board of Directors and the Auditors thereon;**

**“RESOLVED THAT the Standalone audited Financial Statements of the Company for the financial year ended March 31, 2022 together with the Report of Directors and Auditors thereon as presented to the meeting be and are hereby approved and adopted.”**

2. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**To appoint a Director in place of Mr.Kunhi Krishnan Ajith Kumar (DIN: 08504660), who retires by rotation and being eligible, offers himself for re-appointment**

“RESOLVED THAT Mr.Kunhi Krishnan Ajith Kumar (DIN: 08504660) who retires by rotation and being eligible offers himself for re-appointment be and is hereby re-appointed as a Director of the Company liable to retire by rotation.”

3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**To declare a dividend on 8.5% Non-Cumulative Preference shares issued by the Company**

“RESOLVED THAT in terms of the recommendation of the Board of Directors of the Company, the approval of the Members of the Company be and is hereby granted for payment of dividend @ 8.5% on 50,00,000 8.5% Non-Cumulative Preference Shares of Rs.10/- each fully paid up for the year ended on March 31, 2022.”

**SPECIAL BUSINESSES**

4. To consider and if thought fit to pass, with or without modification, the following resolution as an Ordinary Resolution:

**Appointment of Mr. Abhaya Prasad Hota (DIN:02593219) as a Non-executive Independent Director of the Company**

“RESOLVED THAT Mr. Abhaya Prasad Hota (DIN:02593219), who was appointed as an Additional Director (Non-Executive & Independent) of the Company with effect from April 26, 2022, by the Board of Directors and who holds office as such up to this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (“the Act”) and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.”

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Act read with Schedule IV to the Act, and the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable provisions of the Companies Act, 2013 or any other enactments (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the appointment of Mr. Abhaya Prasad Hota (DIN:02593219), who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act, as a Non-Executive, Independent Director of the Company, not liable to retire by rotation, for a term of five years commencing from April 26, 2022, up to April 25,



2027, be and is hereby approved.

"RESOLVED FURTHER THAT any Director of the Company and/or Company Secretary of the Company be and is hereby severally authorized to do all such acts, things and deeds as may be deemed for giving effect to the above stated resolution."

By order of the Board of Directors

S/d

Place: Kochi

Date: August 12, 2022

Paiparambath Anil  
Company Secretary

**NOTES FOR MEMBERS' ATTENTION:**

1. In compliance with the MCA Circulars No.20/2020 dated May 05, 2020, 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020 and 02/2022 dated May 05, 2022 , the AGM of the members of the Company is being held through VC / OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.
2. Pursuant to the provisions of the Companies Act, 2013 ("Act") a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and route map of the AGM are not annexed to this Notice.
3. The Register of Directors and their shareholding, maintained u/s 170 of the Companies Act, 2013 and Register of Contracts or Arrangements in which Directors are interested maintained u/s 189 of the Companies Act, 2013 and all other documents referred to in the notice and explanatory statement, if any, will be available for inspection by the members of the Company at Corporate office of the Company during business hours 10:00 A.M. to 06:00 P.M. (except Saturday and Sunday) up to the date of Annual General Meeting and will also be available during the Annual General Meeting.
4. Corporate members intending to send their authorised representatives to attend the meeting are advised to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the meeting.
5. Members attending the meeting through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. The explanatory statement pursuant to Section 102 of the Companies Act,2013 and the additional information/disclosures under SS-2 issued by the Institute of Company Secretaries of India are attached with this notice.

**Additional Disclosures for item No.02 pursuant to SS-2 is provided below**

Particulars	Information
Name	Mr. Kunhi Krishnan Ajith Kumar
Age	59 years
Qualifications	MBA, BSC (Agriculture), CAIIB (Part 2), JAIIB
Experience	Worked with The Federal Bank Limited for a period of 35 Years in various capacities.
Terms and Conditions of appointment and details of remuneration	Mr. Kunhi Krishnan Ajith Kumar will be appointed as a Non-Executive Director and the company is not intending to pay any remuneration to the proposed director.
Remuneration last drawn	Nil
Date of first appointment on Board	15.07.2019
Shareholding in company	Nil (however holds 1 share as nominee of Federal Bank)
Relationship with other Directors	Nil
Number of Meetings of Board attended	For FY 21-22: 4 out of 4 Board Meetings
Other Directorships /Committee Membership/Chairmanship	Nil

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item no. 4

The Board of Directors of the Company at its meeting held on April 26,2022 had appointed Mr Abhaya Prasad Hota (DIN:02593219) as an additional Director ((Non-Executive & Independent) of the Company. Pursuant to the provisions of Section 161 of the Companies Act,2013,an additional director shall hold office only till the conclusion of next Annual General Meeting.

The company had received a notice from a member under Section 160 of the Companies Act,2013 proposing the candidature of Mr. Abhaya Prasad Hota to the office of Independent Director of the Company. In the opinion of the Board, Mr. Abhaya Prasad Hota is a person of integrity, possesses the relevant expertise/experience, and fulfills the conditions specified in the Companies Act,2013 for appointment as an Independent Director and he is independent of the management.

Taking into consideration his expertise and specialized knowledge which will contribute to the growth of the Company, the Board recommends his appointment as a Non-Executive Independent Director of the Company.

The additional disclosures pursuant to SS-2 is provided below

Particulars	Information
Name	Mr Abhaya Prasad Hota
Age	66 years
Qualifications	MA (English Literature) & CAIIB
Experience	Mr Abhaya Prasad Hota has worked with RBI for 27 years (mostly in technology and payment systems). Mr. Abhaya Prasad Hota also served as MD&CEO of NPCI for a period of 7 years.  He also has the Experience of working in the Boards of Vijaya Bank and Andhra bank in the past as RBI nominee Director.
Terms and Conditions of appointment and details of remuneration	Mr. Abhaya Prasad Hota will be appointed as an Independent Director and will be paid sitting fee for attending the board meetings. The sitting fee will be paid to him at the rate of Rs.30,000/Meeting.
Remuneration last drawn	No remuneration has been drawn by Mr. Abhaya Prasad Hota except receipt of sitting for attending the meetings of the Board.
Date of first appointment on Board	26.04.2022
Shareholding in company	Nil (As on 31.03.2022)
Relationship with other Directors	Nil

Number of Meetings of Board attended	02 Meetings
Other Directorships/Committee Membership/Chairmanship	Details attached as Annexure I to the Notice

None of the Directors or KMP except Mr. Abhaya Prasad Hota and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

Documents relating to the resolutions under Special Business may be perused on any working day during working hours up to the date and time of commencement of the Annual General Meeting at the registered office of the company.

By order of the Board of Directors  
S/d

Place: Kochi  
Date: August 12, 2022

Paiparambath Anil  
Company Secretary

### Annexure-I

#### Details of Directorship of Mr. Abhaya Prasad Hota in other companies

Sl. No.	Names of the Companies/ Bodies corporate/ firms/ association of individuals	Nature of interest or concern/ change in interest or concern	Shareholding
1.	SBI Payment Services Private Limited	Director (Independent)	Nil
2.	Reserve Bank Innovation Hub (Section 8 Company)	Independent Director	Nil
3.	Nearby Technologies Private Limited	Non – Executive Director	Nil
4.	Protean Egov Technologies Limited  (Formerly NSDL e-Gov Infrastructure Ltd)	Independent Director	Nil
5.	Motilal Oswal Asset Management Company Limited	Independent Director	Nil
6.	IDBI Intech Limited	Independent Director	Nil
7.	The Federal Bank Limited	Independent Director	Nil
8.	Scoreme Solutions Private Limited	Additional Independent Director	Nil

**Details of Committee Membership/Chairmanship of Mr. Abhaya Prasad Hota in other companies**

<b>Sl no.</b>	<b>Name of the Company</b>	<b>Name of Committee</b>	<b>Chairman/ Member</b>
1	IDBI Intech Limited	Audit Committee	Chairman
		Nomination Committee	Member
		Technology Committee	Chairman
2	Motilal Oswal Asset Management Company Limited	Audit Committee	Member
		ESOP Committee	Member
		Nomination and Remuneration Committee	Member
		Risk Management Committee	Member
3	Protean eGov Technologies Limited (Formerly NSDL e-Gov Infrastructure Ltd)	Audit Committee	Member
		Risk & Opportunity Committee	Member
		Nomination and Remuneration Committee	Member
4	Nearby Technologies Private Limited	Business Strategy Committee	Member
		Customer Service & Grievance Redressal Committee	Member
5	Reserve Bank Innovation Hub	Audit Committee	Member
6	The Federal Bank Limited	Audit Committee	Member
		Nomination, Remuneration, Ethics & Compensation Committee	Chairman
		Stakeholders Relationship Committee	Chairman
		Information Technology & Operations Committee	Chairman



# DIRECTORS REPORT

## DIRECTORS' REPORT

To,  
**The Members,**  
**Federal Operations and Services Limited**  
**Federal Towers, Aluva**

Your directors have pleasure in presenting the Fourth Report of the Board of Directors of the Company together with audited Statement of Accounts and the Auditors' Report of your company for the financial year ended **March 31, 2022.**

### FINANCIAL RESULTS

Particulars	Current Year 31.03.2022 (Amount in Rs.)	Previous Year 31.03.2021 (Amount in Rs.)
(a) Turnover (including Other Income)	44,09,55,667	26,40,22,180
(b) Net Profit (before depreciation and tax)	645,87,585	451,27,769
Less : Depreciation	(230,85,592)	(211,88,548)
(c) Net Profit/(Loss) before tax	415,01,994	239,39,221
Less : Provision for Tax (including for deferred tax)	(69,51,937)	(55,76,481)
(d) Net Profit/(Loss) after tax	345,50,056	183,62,740

### FINANCIAL HIGHLIGHTS

- ❖ Federal Operations and Services Limited ("FedServ") is a wholly owned subsidiary company of The Federal Bank Limited engaged in providing Support and technology-oriented services to the Bank. The Company was set up on October 26. 2018. The Company operates from two locations- one in Kochi, Kerala and second in Visakhapatnam, Andhra Pradesh. The Company is providing services to the parent bank in the areas such as call center operations, Account Opening operations, Activities related to trade finance, payment and settlement activities, ATM Monitoring services etc. The Company is providing services to the parent bank at the minimum cost while maintaining high level of quality in the services provided.
- ❖ The Company has taken over 114 operational activities from the parent bank as on June 30,2022. The Company does not deal in loans and advances, neither does it accepts deposits.

- ❖ The total revenue of FedServ for the period ended on March 31, 2022 is INR 44.09 Crores. The Company started its operations on December 2018 and this was the fourth year of operation of the company. The Company had net profit (after tax) of INR 345.50 Lakhs for the period ended March 2022
- ❖ The Net Worth of FedServ at the beginning of the year was INR 12.82 Crores and closing net worth of FedServ as on March 31, 2022 was INR 16.27 Crores.

#### BOARD OF DIRECTORS:

As on March 31, 2022, the Board of your company consists of five Directors as follows:

S. No.	Name of Director	Designation	DIN
1.	Mr. Balagopal Chandrasekhar	Chairman	00430938
2.	Mr. Venkateswaran Venkatraman	Director	09227554
3.	Mr. Kunhi Krishnan Ajith Kumar	Director	08504660
4.	Mr. Johnson Koonamplakkal Jose	Director	08267398
5.	Mr. Prashant Preman	Executive Director	09134084

#### BOARD MEETINGS DURING THE FINANCIAL YEAR

During the financial year 2021-22, the Board of Directors of the Company duly met four (4) times on following dates:

- i) Board Meeting no. 01/2021-22: April 16,2021
- ii) Board Meeting no. 02/2021-22: July 12,2021
- iii) Board Meeting no. 03/2021-22: October 12,2021
- iv) Board Meeting no. 04/2021-22: January 20,2022

The intervening gap between the two meetings was within the period as prescribed under the Companies Act, 2013.

Further, the status of attendance of Board Meeting by each Director is as follows:

Sl. No.	Name of Director	No. of Board Meetings Held	No. of Board Meetings Attended
1.	Mr. Balagopal Chandrasekhar	4	4
2.	Mr. Venkateswaran Venkatraman*	4	3
3.	Mr. Kunhi Krishnan AjithKumar	4	4
4.	Mr. Johnson Koonamplakkal Jose	4	4
5.	Mr. Prashant Preman	4	4

\*Mr. Venkateswaran Venkatraman was appointed as an additional director in the Board meeting No.02/2021-22 held on July 12,2021. Mr. Venkateswaran Venkatraman had attended all Board meetings held after his appointment.

#### DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Directors of the company were appointed in accordance with the provisions of Section 152 of the Companies Act, 2013. The details of change in the Board during the financial year 2021-22 is provided below.

S. No.	Name of the Director	Change	Date of Change
1.	Mr. Johnson Koonamplakkal Jose	Change in designation from WTD to Non-executive Director	April 16, 2021
2.	Mr. Prashant Preman	Appointment as an a) additional director b) Whole Time Director	April 16, 2021
		a) regularization of appointment as Director by the shareholders b) approval of shareholders for the appointment of Whole-	August 17, 2021

		Time Director under Section 196(4) of the Companies Act	
3.	<b>Ms. Shalini Warrier</b>	Cessation as Director	May 24, 2021
4.	<b>Mr. Venkateswaran Venkatraman</b>	Appointment as an Additional Director	July 12, 2021
		Appointment as a Non-executive Director by the shareholders	August 17, 2021

The following changes were made in the Board of Directors after the end of the Financial year but before the date of this report-

S. No.	Name of the Director	Change	Date of Change
1.	<b>Mr. Balagopal Chandrasekhar</b>	Cessation as Director	April 26, 2022
2.	<b>Mr. Abhaya Prasad Hota</b>	Appointment as an Additional Director (Non-Executive & Independent)	April 26, 2022

The following changes in KMPs were happened during the financial year 2021-22

S. No.	Name of the KMP	Change	Date of Change
1.	<b>Mr. Ashish Peety</b>	Cessation as Company Secretary	April 16, 2021
2.	<b>Mr. Ashish Peety</b>	Cessation as Chief Financial Officer	July 12, 2021
2.	<b>Mr. Paiparambath Anil</b>	Appointment as Company Secretary	April 16, 2021

3.	Mr. Rinu Jacob	Appointment as Chief financial Officer	July 12, 2021
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### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013, the Directors, to the best of their knowledge and belief, confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- (c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The Directors had prepared the annual accounts on a going concern basis; and
- (e) Clause (e) of section 134(5) is not applicable as the Company is not a listed Company
- (f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### DETAIL OF FRAUD AS PER AUDITORS REPORT

No fraud has been reported by the auditors in their audit report for the F.Y. ended on March 31,2022.

### BOARD'S COMMENTS ON QUALIFICATION, RESERVATION & ADVERSE REMARKS OR DISCLAIMER MADE BY:

- **STATUTORY AUDITORS**

M/s Varma and Varma, Chartered Accountants (Firm Registration No.004532S) were appointed as Statutory Auditors of your Company at the First Annual General Meeting of the company held on 10<sup>th</sup> December 2019. The Audit Report submitted by M/s Varma and Varma, Chartered Accountants, for FY 2021-22 does not contain any qualification, reservation or adverse remark.

- **COST AUDITORS**

The provisions of Section 148 of the Companies Act, 2013 regarding appointment of cost auditors are not applicable on the Company. The Company is also not required to maintain the cost records as per the applicable provisions of Companies Act, 2013.

- **SECRETARIAL AUDITORS**

The provisions of Section 204 of the Companies Act, 2013 is not applicable to the Company.

### **PARTICULARS OF INTER-CORPORATE LOANS & INVESTMENT UNDER SECTION 186**

During the Financial Year 2021-22, the Company has not made any investment. The Company has not given any guarantee or security to any person or body corporate. Further the Company has not given or availed any loans from any entity.

### **PARTICULARS OF RELATED PARTY TRANSACTIONS**

Related party transactions that were entered into during the Financial Year were on arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company which may have potential conflict with the interest of the Company. All Related Party Transactions were placed before the Board for its approval.

Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, disclosures as per Form AOC-2 is not applicable to the Company. There were also no material contracts or arrangement or transactions with related parties during the period.

### **INDEPENDENT DIRECTORS**

Your Company has received declaration from the Independent Directors that they are meeting the criteria of independence as provided under Section 149(6) the Companies Act, 2013 (the Act) and Schedule IV of the Act. The Independent Directors has enrolled his/ her name in the online databank of Independent Directors maintained by the Government pursuant to the provisions of the Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019 read with the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019. The Independent directors had also cleared the online proficiency self-assessment test conducted by the institute notified under sub-section (1) of section 150 of the Companies Act, 2013.

In the opinion of the Board, the Independent Directors are persons of high repute, integrity and possess the relevant expertise and experience in their respective fields. They fulfil the conditions specified in the Act and the Rules made thereunder and are independent of the Management.

### **STATE OF COMPANY'S AFFAIRS**

It is imperative to say that the affairs of your Company are managed in a fair and transparent manner. Your company has been providing 114 services as on March 31, 2022

to The Federal Bank Limited. Your Company is always focusing more on quality and strives to provide quality services to the Bank at the minimum cost.

### **RESERVES**

The amount of Rs. 345,50,056 is proposed to be carried as profit in the Balance Sheet for the Financial Year ended 31st March 2022. It is not being proposed to carry this amount into any specific reserve.

### **DIVIDEND**

Based on the Company's performance, the Directors had recommended final dividend at the rate of 8.5% to the 8.5% non-Cumulative preference shareholders of the company.

### **SHARE CAPITAL**

The Authorised capital of the Company is Rs.20 Crores divided into 50 lakh equity shares of Rs.10 each and 150 lakh preference shares of Rs.10/- each. The paid-up Equity Share Capital as on March 31, 2022 remained at Rs. 10 Crore divided into 50 lakh equity shares of Rs.10/- each and 50 lakh preference shares of Rs.10/- each. During the period under report, your Company has not issued any Sweat Equity shares, ESOP and/or Convertible Debentures. Total paid up capital of the company as on 31.03.2022 is INR 10 Crore.

### **COMPLIANCE WITH SECRETARIAL STANDARDS**

During the year 2021-22, your Company has complied with the applicable Secretarial Standards in its operations and governance.

### **MATERIAL CHANGES & COMMITMENTS**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and date of this Report.

### **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO**

Pursuant to provisions of Section 134(3)(m) & Rule 8(3)(A) of Companies (Accounts) Rules, 2014, the details of energy conservation, technology absorption and foreign exchange earnings and outgo is given in **Annexure-A** to this report.

### **DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY**

The management of the Company has duly adopted the Broad Principles on Risk Management as per the requirement of the Companies Act, 2013. Further, the Company had taken adequate care in the development and implementation of Risk Management Policy by identifying various elements of risk which may cause serious threat to the existence of the Company by way of identifying the operational risk, financial risk, compliance risk and migration risk in its Strategic Business Plan.

## DETAILS OF COMPANY'S CORPORATE SOCIAL RESPONSIBILITY

The provisions of the Corporate Social Responsibility as contained under the Companies Act, 2013 are not applicable on the Company.

However your Company understands that it is the responsibility of the company to contribute something for the betterment of the society in which it operates. Your Company has voluntarily taken some initiatives from a CSR angle and the details thereof are provided below.

- ❖ Your Company is committed to ensure gender diversity in the workplace and thereby empowering women by giving them financial freedom. Your Company is providing employment opportunities to women in such a way that at least 50% of the workforce at any point of time would be women employees. The women employees are paid equally and are given the same working opportunities with the same promotional opportunities.
- ❖ Your Company is providing employment opportunities to physically challenged candidates for bringing them to the mainstream of the society.

## JOINT VENTURE/ ASSOCIATE OR SUBSIDIARY COMPANIES

The Company does not have any Joint Venture/Associate or subsidiary company during the F.Y. ended March 31,2022. The Directors' Report has been prepared based on "STAND ALONE FINANCIAL STATEMENTS OF THE COMPANY"

There are no companies which have become or ceased to be our Subsidiaries, joint ventures or associate companies during the year 2021-22

## ORDERS PASSED BY REGULATORS/COURTS/TRIBUNALS

No significant and material orders impacting the going concern status and company's operations in future were passed by any regulators or courts or tribunals during the Financial Year 2021-22.

## DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition &Redressal) Act, 2013 ('Act') and rules made there under, your Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013"

The Board states that no cases or complaints were received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the financial year 2021-22.

## DEPOSITS

The Board states that no disclosure or reporting was required in respect of deposits as the Company does not accept any public deposits.

## INTERNAL FINANCIAL CONTROLS

Your company is maintaining adequate financial control system, commensurate with the size, scale and complexity of its operations. Your Company has adequate Internal Financial Control over financial reporting of the company and such Controls were operating effectively throughout the financial year 2021-22.

## PARTICULARS OF EMPLOYEES

None of the employees who have worked throughout the year or a part of the financial year were received remuneration in excess of the threshold mentioned under Section 197(12) of the Act read with rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The details of the top ten employees in terms of remuneration drawn during the FY 2021-22 is uploaded on the website of the company under the tab “downloads”.

## NO CHANGES IN THE BUSINESS

The Company is engaged in the business of rendering support and technology-oriented services to banking institutions. Your directors would like to inform that the Company is doing its regular business without any deviation from its objects.

## VIGIL MECHANISM

The provisions of establishment of Vigil Mechanism is not applicable to the Company.

## WEB LINK OF ANNUAL RETURN

The Company is having the website [www.fedserv.co.in](http://www.fedserv.co.in) and annual return of Company has been published on the website of the Company under “Downloads” Section. The Link for accessing the website is given below:

[https://www.fedserv.co.in](http://www.fedserv.co.in)

## APPLICABILITY OF RULE 4 OF COMPANIES (APPOINTMENT AND QUALIFICATION OF DIRECTORS) RULES, 2014

The Company is a wholly owned subsidiary of the Federal Bank Limited and hence Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 is not applicable to the Company.

## ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for the co-operation and support extended by the shareholders, regulatory authorities, banks, customer, dealers and vendors.

The Directors also acknowledge with gratitude the dedicated efforts and valuable contribution made by all the employees of the Company.

**For & on behalf of the Board of  
Federal Operations and Services Limited**

Sd/-	Sd/-
Prashant Preman (Executive Director) DIN: 09134084	Johnson K Jose (Director) DIN: 08267398

Place: Kochi

Date: August 12, 2022

## ANNEXURE – A

### INFORMATION RELATING TO ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO FORMING PART OF DIRECTORS' REPORT IN TERMS OF SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014

#### (a) Conservation of energy

(i)	the steps taken or impact on conservation of energy	<ul style="list-style-type: none"> <li>a) All the electrical equipments including Air Conditioners used by the company are energy efficient equipments.</li> <li>b) The Company is not using any fossil fuels in its operations.</li> <li>c) Design of the premises of the Company is in such a way that energy consumption is minimum.</li> </ul>
(ii)	the steps taken by the company for utilizing alternate sources of energy	Presently the company is not using any alternate sources of energy. However the company is exploring various options for utilizing alternate sources of energy for its operations.
(iii)	the capital investment on energy conservation equipments	Nil*

\*During the financial year 2021-22, the company has not incurred any capital expenditure for the acquisition of energy conservation equipments.

**(b) Technology absorption**

(i)	the efforts made towards technology absorption	The Company has not absorbed any technology from any external sources.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	Not Applicable
	(a) the details of technology imported	Not Applicable
	(b) the year of import;	Not Applicable
	(c) whether the technology been fully absorbed	Not Applicable
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not Applicable
(iv)	the expenditure incurred on Research and Development	Not Applicable

**(c) Foreign exchange earnings and Outgo**

The Foreign Exchange earned in terms of actual inflows during the year: Nil

The Foreign Exchange outgo during the year in terms of actual outflows: Nil

**For & on behalf of the Board of  
Federal Operations and Services Limited**

Sd/-	Sd/-
Prashant Preman (Executive Director) DIN: 09134084	Johnson K Jose (Director) DIN: 08267398

Place: Kochi

Date: August 12,2022



# **FINANCIAL STATEMENTS**

**AS ON MARCH 31, 2022**

## INDEPENDENT AUDITOR'S REPORT

To the Members of Federal Operations and Services Limited  
Kochi

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Federal Operations and Services Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2022, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2022, and its profit, and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

We draw attention to Note No.21(a) to the financial statements, regarding the COVID-19 pandemic and the consequential restrictions imposed by the Government, as per which no material adjustments are required in the financial statements based on the management's assessment.

Our opinion is not modified in respect of this matter.



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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

## **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 financial statements that give a true and fair view of the financial position, financial performance, cash flow statement of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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.



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In preparing the financial statements, the 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 the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.



If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.



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- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rules 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2022 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) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197(16) of the Act.
- 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. 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.
  - iv.
    - a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note No.21(c) to the financial statements ,no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;



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- b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note No.21(c) to the financial statements ,no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year. Hence, the compliance with the provisions of Section 123 of the Act is not applicable to the Company for the year.

Place: Kochi-19

Date: 26-04-2022

UDIN: 22208259AJE DVR3622

For VARMA & VARMA  
(FRN: 0046329)

(VIVEK KRISHNA GOVIND)  
Partner  
CHARTERED ACCOUNTANTS  
Membership No. 208259

# *Varma & Varma*

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## **ANNEXURE A REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF FEDERAL OPERATIONS AND SERVICES LIMITED FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2022**

1. a) A.) According to the information and explanations given to us and the records of the company examined by us, the company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.  
B.) According to the information and explanations given to us and the records of the company examined by us, the company is maintaining proper records showing full particulars of intangible assets.
- b) According to the information and explanations given to us and the records of the company examined by us, the Property, Plant and Equipment of the Company have been physically verified by the management at reasonable intervals, which, in our opinion is reasonable having regard to the size of the Company and the nature of its business, and no material discrepancies have been noticed on such verification.
- c) According to the information and explanations given to us and the records of the company examined by us, there are no immovable properties held by the Company and hence the reporting requirements under the Clause (i)(c) of Para 3 of the Order are not applicable at this stage.
- d) According to the information and explanations given to us and the records of the company examined by us, the Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year and hence the reporting requirements under the Clause (i)(d) of Para 3 of the Order is not applicable at this stage.
- e) According to the information and explanations given to us and the records of the company examined by us, no proceedings have been initiated during the year or are pending against the Company as at 31<sup>st</sup> March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.



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2.

- a) The Company has no inventories and hence the reporting requirements under Clause (ii)(a) of Para 3 of the Order are not applicable to the Company at this stage.
  
- b) According to the information and explanations given to us and the records of the company examined by us, the Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets and hence the reporting requirements under Clause (ii)(b) of Para 3 of the Order are not applicable to the Company.
  
- 3. According to the information and explanations given to us and the records of the company examined by us the company has not made any investments in or provided any guarantee to companies, firms, limited liability partnerships, or any other parties.
  
- 4. According to the information and explanations given to us and the records of the company examined by us, the company has not granted any loans or made any investment or given any guarantee or security during the year as stated in Section 185 and 186 of the Act. Accordingly, the reporting requirements under clauses (iv) of paragraph 3 of the Order are not applicable.
  
- 5. The Company has not accepted any deposits or any amounts deemed to be deposits from the public during the year and hence, the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provision of the Act and the rules framed thereunder are not applicable.
  
- 6. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the services rendered by the Company at this stage.
  
- 7.
- a) As per the information and explanations furnished to us and according to our examination of the records of the company, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Goods and Services Tax, Duty of Customs, Cess and other statutory dues, as applicable to the company to the appropriate authorities during the year.



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

Nature of dues	Statute	Amount (In Rs.)	Period to which amount relates	Remarks
Employee Provident Fund	Employee Provident Fund Act, 1952	24,738	FY 2021-22	The dues could not be deposited due to technical issues in EPF website.

- b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed amounts due to be deposited of Sales Tax, Duty of Customs, Duty of Excise, Value Added Tax or Goods and Services Tax as at 31<sup>st</sup> March, 2022.
- 8. According to the information and explanations given to us and the records of the Company examined by us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- 9.
  - a) The Company has not taken loans or borrowings from any lender and accordingly the reporting requirements under clause (ix)(a), (b), (c) and (d) of Para 3 of the Order is not applicable to the Company at this stage.
  - b) The Company has not taken funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures and accordingly the reporting requirements under clause (ix)(e) of Para 3 of the Order is not applicable to the Company at this stage.
  - c) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies and accordingly the reporting requirements under clause (ix)(f) of Para 3 of the Order is not applicable to the Company at this stage.



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10.

- a) According to the information and explanations given to us and the records of the Company examined by us, no moneys were raised by way of initial public offer or further public offer (including debt instruments) and accordingly the reporting requirement under the clause (x)(a) of Para 3 of the Order is not applicable to the Company at this stage.
- b) According to the information and explanations given to us and the records of the Company examined by us, the company has not made any preferential allotment or private placement of shares or fully or partly or optionally convertible debentures during the year and hence, the reporting requirements under clause (x)(b) of Para 3 of the Order are not applicable.

11.

- a) During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the company or on the company, noticed or reported during the year, nor have been informed of such case by the Management.
  - b) No report under Section 143(12) of the Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
  - c) According to the information and explanations given to us and the records of the Company examined by us, the Company has not received whistle-blower complaints during the year and accordingly the reporting requirements under clause (xi)(c) of Para 3 of the Order is not applicable to the Company at this stage.
12. The company is not a Nidhi Company. Accordingly, the reporting requirements under clause (xii) (a), (b) and (c) of Para 3 of the Order are not applicable.
13. According to the information and explanations given to us and the records of the Company examined by us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in Note No.22 to the financial statements as required by the applicable accounting standards.
14. In Our opinion and based on our examination, the company does not have an internal audit system and is not required to have an internal audit system as per the provisions of the Companies Act,2013.



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15. According to the information and explanations given to us and the records of the company examined by us, the company has not entered into any non-cash transactions with directors or persons connected with the directors. Accordingly, the reporting requirement under clause (xv) of paragraph 3 of the Order is not applicable.
16.
  - a) According to the information and explanations given to us and the records of the Company examined by us, the company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting requirement under clause (xvi) (a), (b) and (c) of Para 3 of the Order is not applicable.
  - b) According to the information and explanations given to us and the records of the Company examined by us, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016). Accordingly, the reporting requirement under clause (xvi) (d) of Para 3 of the Order is not applicable.
17. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
18. There has been no resignation of statutory auditors of the Company during the year and accordingly this clause is not applicable.
19. According to the information and explanations given to us and the records of the Company examined by us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.



# *Varma & Varma*

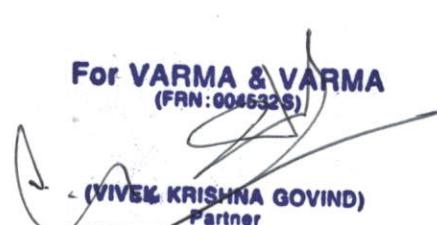
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20. According to the information and explanations given to us and the records of the Company examined by us, the provisions of Section 135 of the Companies Act,2013 is not applicable to the Company. Accordingly, the reporting requirement under clause (xx) (a) of Para 3 of the Order is not applicable.
21. The Company does not have the requirement for preparation of consolidated financial statements and accordingly, the reporting requirement under clause (xxi) of Para 3 of the Order is not applicable.

Place: Kochi-19

Date: 26-04-2022

UDIN: 22208259 AJE OVR3622

For VARMA & VARMA  
(FRN:0046328)  
  
(VIVEK KRISHNA GOVIND)  
Partner  
CHARTERED ACCOUNTANTS  
Membership No. 208259

**ANNEXURE B REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING  
"REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR  
INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL  
STATEMENTS OF FEDERAL OPERATIONS AND SERVICES LIMITED FOR THE  
YEAR ENDED 31<sup>st</sup> MARCH, 2022**

**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 system with reference to financial statements reporting of Federal Operations and Services Limited ("the Company") as of 31<sup>st</sup> March, 2022, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls systems with reference to financial statements 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 the Institute of Chartered Accountants of India (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 ICAI.



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

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

## **Meaning of Internal Financial Controls with reference to Financial Statements Reporting**

A company's internal financial control system with reference to financial statements 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 system with reference to financial statements 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



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## **Inherent Limitations of Internal Financial Controls with reference to Financial Statements Reporting**

Because of the inherent limitations of internal financial controls system with reference to financial statements 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 system with reference to financial statements reporting to future periods are subject to the risk that the internal financial control system with reference to financial statements 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Kochi-19

Date: 26-04-2022

UDIN: 2208259AJE DVR3622

For VARMA & VARMA  
(FRN: 0945328)  
  
(VIVEK KRISHNA GOVIND)  
Partner  
CHARTERED ACCOUNTANTS  
Membership No. 208259

FEDERAL OPERATIONS AND SERVICES LIMITED  
BALANCE SHEET AS AT 31st MARCH, 2022

Particulars	Note No.	As at 31.03.2022	(₹ in Lakhs) As at 31.03.2021
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2	1,000.00	1,000.00
(b) Reserves and Surplus	3	627.12	281.64
		<b>1,627.12</b>	<b>1,281.64</b>
<b>(2) Non-Current Liabilities</b>			
(a) Long Term Provisions	4	46.10	16.24
		<b>46.10</b>	<b>16.24</b>
<b>(3) Current Liabilities</b>			
(a) Trade Payables	5	-	-
(i) Total outstanding dues of MSMEs		93.32	71.88
(ii) Total outstanding dues of creditors other than MSMEs		216.00	125.79
(b) Other Current Liabilities	6		
		<b>309.32</b>	<b>197.67</b>
<b>Total</b>		<b>1,982.54</b>	<b>1,495.55</b>
<b>II. Assets</b>			
<b>(1) Non-Current Assets</b>			
(a) Property, Plant & Equipment	7	345.65	404.94
(i) Tangible assets		10.86	16.60
(ii) Intangible assets		59.39	33.17
(b) Deferred Tax Asset (Net)	8	201.44	160.92
(c) Long-Term Loans and Advances	9	-	100.73
(d) Other Non-Current Assets	10	<b>617.34</b>	<b>716.36</b>
<b>(2) Current Assets</b>			
(a) Trade Receivables	11	521.27	336.79
(b) Cash and Cash Equivalents	12	788.69	418.17
(c) Short-Term Loans and Advances	13	55.24	24.23
<b>Total</b>		<b>1,365.20</b>	<b>779.19</b>
		<b>1,982.54</b>	<b>1,495.55</b>

Significant accounting policies and Notes on Accounts (1 to 28)

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

As per our separate report of even date attached

For and on behalf of the Board of Directors

**For VARMA & VARMA**  
(FRN: 001532S)  
  
(VIVEK KRISHNA GOVIND)  
Partner  
CHARTERED ACCOUNTANTS  
Membership No. 208259



Place : Kochi  
Date : 26-04-2022

Paiparambath Anil  
Company Secretary

Rinu Jacob  
Chief Financial Officer

Prashant Preman  
Director  
DIN: 09134084

Johnson K Jose  
Director  
DIN: 08267398

**FEDERAL OPERATIONS AND SERVICES LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2022**

(₹ in Lakhs)

Particulars	Note No.	Year Ended	Year Ended
		31.03.2022	31.03.2021
I. Revenue	14		
Revenue from Operations		4,266.63	2,638.25
Other Income		142.93	1.97
<b>Total Revenue</b>		<b>4,409.56</b>	<b>2,640.22</b>
II. Expenses:	16 7 17		
Employee Benefits Expense		1,880.24	885.11
Depreciation and Amortization expense		230.86	211.89
Other Expenses		1,883.47	1,303.81
<b>Total Expenses</b>		<b>3,994.57</b>	<b>2,400.81</b>
III. Profit before tax (I-II)		414.99	239.41
IV. Tax expense:	18		
(1) Current tax		95.73	81.10
(2) Deferred tax		(26.22)	(19.14)
(3) Tax for prior years		-	(6.19)
<b>V. Profit for the period (III-IV)</b>		<b>345.48</b>	<b>183.64</b>
VI. Earnings per equity share:	18		
Nominal value of share Rs. 10/-		6.91	3.67
Basic/ Diluted			

Significant accounting policies and Notes on Accounts (1 to 28)  
The accompanying notes form an integral part of the financial statements.

As per our separate report of even date attached

For and on behalf of the Board of Directors

**For VARMA & VARMA**  
(FRN: 002532S)

**YVVEK KRISHNA GOVIND**  
Partner  
CHARTERED ACCOUNTANTS  
Membership No. 208259



Place : Kochi  
Date : 26-04-2022

Paiparambath Anil  
Company Secretary

Prashant Preman  
Director  
DIN: 09134084

Rinu Jacob  
Chief Financial Officer

Johnson K Jose  
Director  
DIN: 08267398

**FEDERAL OPERATIONS AND SERVICES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2022**

(₹ in Lakhs)

Particulars	For the year ended 31.03.2022		For the year ended 31.03.2021	
<b>A. Cash Flows from Operating Activities</b>				
Profit before tax as per the Statement of Profit and Loss		414.99		239.41
<i>Adjustments for:</i>				
Depreciation and Amortization expense	230.86	230.86	211.89	211.89
<b>Operating Profit before Working Capital Changes</b>		<b>645.85</b>		<b>451.30</b>
Adjustments for:				
(Increase) / Decrease in Trade Receivables	(184.48)		(164.45)	
Increase / (Decrease) in Trade Payables	45.35		152.49	
Increase / (Decrease) in Long Term Provisions	29.86		10.04	
(Increase) / Decrease in Loans and Advances	(71.53)		(31.04)	
Increase / (Decrease) in Other Current Liabilities	90.21		(89.43)	
(Increase) / Decrease in Other current assets	-	(90.59)	137.98	15.59
<b>Cash from/(used) in Operating Activities</b>		<b>555.26</b>		<b>466.89</b>
Income tax paid		(95.73)		(74.91)
<b>Net Cash from / (used) in Operating Activities</b>		<b>459.53</b>		<b>391.98</b>
<b>B. Cash Flows from Investing Activities</b>				
(Deposits)/Withdrawals with more than 12 months maturities	100.73		(100.73)	
(Increase) / Decrease in Fixed Assets (including Capital Work in Progress)	(189.74)	(89.01)	(234.97)	-335.70
<b>Net Cash from / (used) in Investing Activities</b>		<b>(89.01)</b>		<b>(335.70)</b>
<b>C. Cash Flows from Financing Activities</b>				
<b>Net Cash from / (used) in Financing Activities</b>		<b>-</b>		<b>-</b>
<b>D. Summary</b>				
Net Cash from / (used) Operating Activities		459.53		391.98
Net Cash from / (used) in Investing Activities		(89.01)		(335.70)
Net Cash from / (used) in Financing Activities		-		-
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>370.52</b>		<b>56.28</b>



FEDERAL OPERATIONS AND SERVICES LIMITED  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2022

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2022	For the Year ended 31.03.2021
Cash and Cash Equivalents at beginning of the period	418.17	361.89
Cash and Cash Equivalents at the end of the period	788.69	418.17
	370.52	56.28

As per our separate report of even date attached

For and on behalf of the Board of Directors

For VARMA & VARMA,  
(FRN: 004532S)

(VIVEK KRISHNA GOVIND)  
Partner  
CHARTERED ACCOUNTANTS  
Membership No. 208259

Place : Kochi

Date : 26-04-2022



Paiparambath Anil  
Company Secretary

Rinu Jacob  
Chief Financial Officer

Prashant Preman  
Director  
DIN: 09134084

Johnson K Jose  
Director  
DIN: 08267398

## **1. Significant Accounting Policies**

### **A. Basis of preparation of accounts**

Financial Statements are prepared under the historical cost convention, on accrual basis in compliance with the provisions of the Companies Act 2013 and the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014. The Financial Statements are prepared on accrual basis and under the historical cost convention.

### **B. Use of Estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and that also affect the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. The management believes that the estimates used in the preparation of the Financial Statements are prudent and reasonable. Any revisions to accounting estimates are recognised prospectively in current and future periods.

### **C. Revenue Recognition**

#### **i. Service Income**

- a) Revenue from operations is recognized as and when services are rendered, as per the terms of Master Service Agreement entered into by the Company.

#### **ii. Other Income**

- a) Interest income is recognised on accrual basis using effective interest rate method.
- b) Dividend income is recognised when the Company's right to receive is established.
- c) Other incomes are recognised on accrual basis except when there are significant uncertainties.

### **D. Tangible Assets (Property, Plant and Equipment)**

Property, Plant and Equipments are stated at cost less accumulated depreciation and impairment in value if any. Cost includes purchase price, (inclusive of import duties and non – refundable purchase taxes, after deducting trade discounts and rebates), other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components). The cost of replacement spares/ major inspection relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

On disposal of an item of property, plant and equipment, the differences between the disposal proceeds and its carrying amount is recognised in the Statement of Profit and Loss. The residual values, useful life and method of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively, if appropriate. Capital work in progress comprises of the cost of fixed asset that are not yet ready for their intended use at the reporting date.

### **E. Intangible Assets**

Intangible assets are recorded at the cost of acquisition of such assets and are carried at cost less accumulated depreciation and impairment, if any.



## **F. Depreciation**

Depreciation is provided on Written Down Value Method in accordance with Schedule II of the Companies Act, 2013. The useful life adopted is as prescribed under Schedule II of the Companies Act 2013, except for the following assets for which a different useful life has been adopted on the basis of technical evaluation/management estimate, based on a review by the management at the year end:-

- a) The cost of lease holds improvements are amortised on a straight line basis over the lease period.
- b) Cost of license is capitalised as intangible asset and amortized over the license period. Also, the cost of software is capitalised as intangible asset and amortised on a straight line basis over the useful life of 5 years.
- c) Assets individually costing Rs. 2,000/- or less are fully depreciated in the year of purchase.

## **G. Employee Benefits – (AS 15)**

### **i. Short Term Employee Benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and the undiscounted amounts are recognized as expenses in the Profit & Loss Statement of the year in which the related services are rendered.

### **ii. Defined Contribution Plan**

The company has defined contribution plans for employees comprising of Provident Fund, Employee State Insurance and labour welfare fund. The contributions paid/payable to these plans during the year are charged to Statement of Profit & Loss for the Year.

### **iii. Defined Benefit Plan**

#### **Gratuity**

The company pays gratuity, a defined benefit plan, to employees who retire or resign. The Company provides gratuity to the eligible employees as a terminal benefit. These liabilities are determined on the basis of actuarial valuation under projected unit credit method at the Balance Sheet date. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur.

## **H. Taxes on Income**

Income Tax is accounted in accordance with Accounting Standard on Accounting for Taxes on Income (AS-22), which includes Current taxes and Deferred taxes. Deferred Tax assets/liabilities, representing timing differences between accounting income and taxable income, are recognized to the extent considered capable of being reversed in subsequent years.

Deferred Tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that deferred tax assets arising due to unabsorbed depreciation and losses are recognized if there is virtual certainty that sufficient future taxable income will be available to realize the same. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the company.

## **I. Borrowing costs**

As per AS 16, Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are capitalized. Other borrowing costs are recognized as expenditure for the period in which they are incurred.



#### **J. Impairment of Assets**

As per AS 28, the company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. An asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. Based on such assessment, impairment loss, if any, is charged to the Profit & Loss Statement in the period in which, an asset is identified as impaired. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life. The impairment loss recognised in the prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

#### **K. Govt. Incentives**

Grants and subsidies from the Government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the assets concerned in arriving at the carrying amount of the related asset. Government grants in the form of non-monetary assets given at a concessional rate are accounted for on the basis of their acquisition cost.

#### **L. Preliminary expenses**

- a) Preliminary expenses include company name reservation fees, company registration fees, fees paid for obtaining various initial certificates and licenses, stamp duty, consultancy fees paid for obtaining registration certificates.
- b) As per AS 26, All the expenses incurred in incorporation of the company will be debited in Preliminary Expenses account. 100% amount from the preliminary expense account will be written off to P/L in the first year.

#### **M. Earnings Per Share**

- a) The company reports basic and diluted earnings per share in accordance with Accounting Standard 20 on "Earnings per Share". Basic earnings per share are computed by dividing the net Profit or Loss for the year attributable to equity share holders by the weighted average number of Equity Shares outstanding during the period.
- b) Diluted earnings per share are computed by dividing the net Profit or Loss for the year attributable to equity share holders (after deducting attributable taxes) by the weighted average number of Equity Shares outstanding during the period as adjusted for the effects of all diluted potential Equity Shares outstanding as at the year end.

#### **N. Investments**

- a) Investments that are readily realizable and intended to be held for not more than a year are classified as Current Investments. All other investments are classified as Long-Term Investments.
- b) Investments held as long-term investments are carried at cost comprising of acquisition and incidental expenses. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary. Investments other than long-term investments are classified as current investments and valued at lower of cost or fair value.



**O. Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognized as an expense in the Profit and Loss Account as per the lease terms.

**P. Foreign currency transactions**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency outstanding at the Balance Sheet date are translated at the applicable exchange rates prevailing at the year-end. The exchange gain/ loss arising during the year are adjusted to the Statement of Profit and Loss.

**Q. Provisions, Contingent Liabilities and Contingent Assets**

As per AS 29, Provisions are recognised when the company has a present obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the correct management estimates.

Contingent Liabilities are disclosed when the company has a possible obligation or a present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent assets are neither recognised nor disclosed in the accounts.



**FEDERAL OPERATIONS AND SERVICES LIMITED**  
**NOTES ATTACHED TO AND FORMING PART OF FINANCIAL STATEMENTS**

**2 Share Capital**

(₹ in Lakhs)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Authorised:</b>		
Equity Share Capital		
50,00,000 Shares of Rs. 10/- each	500	500
Preference Share Capital		
1,50,00,000 Shares of Rs. 10/- each	1,500	1,500
	2,000	2,000
<b>Issued, Subscribed and Fully paid:</b>		
50,00,000 Equity shares of Rs. 10/- each	500	500
50,00,000 Preference shares of Rs. 10/- each	500	500
	1,000	1,000

**2.1 Reconciliation of equity shares outstanding at the beginning and at the end of the financial year:**

Particulars	As at 31.03.2022		As at 31.03.2021	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the financial year	50,00,000	500.00	50,00,000	500.00
Add: Shares issued during the year	-	-	-	-
At the end of the financial year	50,00,000	500.00	50,00,000	500.00

**2.2 Reconciliation of preference shares outstanding at the beginning and at the end of the financial year:**

Particulars	As at 31.03.2022		As at 31.03.2021	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the financial year	50,00,000	500.00	50,00,000	500.00
Add: Shares issued during the year	-	-	-	-
At the end of the financial year	50,00,000	500.00	50,00,000	500.00

**2.3 Terms/Rights attached to Equity Shares**

The company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



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

Name of Shareholder	As at 31.03.2022		As at 31.03.2021	
	%	Number of shares	%	Number of shares
Federal Bank Ltd	99.99	49,99,695	99.99	49,99,695

**2.5 Shares held by Holding Company**

Name of Shareholder	As at 31.03.2022		As at 31.03.2021	
	%	Number of shares	%	Number of shares
Federal Bank Ltd., the Holding Company	99.99	49,99,695	99.99	49,99,695

**2.6 Shares held by Promoters**

Name of the promoter	No. of shares held		% change during the year
	As at 31.03.2022	As at 31.03.2021	
<b>Equity shares:-</b>			
The Federal Bank Limited	49,99,695	49,99,695	0%
<b>Preference shares:-</b>			
The Federal Bank Limited	50,00,000	50,00,000	0%

**3 Reserves and Surplus** (₹ in Lakhs)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Surplus in the Statement of Profit and Loss</b>		
As per last Balance Sheet	281.64	98.00
Add: Profit for the year as per the Statement of Profit & Loss	345.48	
		183.64
<b>Closing balance</b>	<b>627.12</b>	<b>281.64</b>



#### 4 Long - Term Provisions

Particulars	(₹ in Lakhs)	
	As at 31.03.2022	As at 31.03.2021
Provision for employee benefits		
Provision for Gratuity	46.10	16.24
	<b>46.10</b>	<b>16.24</b>

#### 4.1 Disclosures required under Accounting Standard 15 - "Employee Benefits" :

##### 4.1.1. Defined Contribution Plans

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

Particulars	As at 31.03.2022	As at 31.03.2021
Employer's contribution to Provident Fund	108.53	63.87
Employer's contribution to Employee's State Insurance	30.97	18.63
	<b>139.50</b>	<b>82.50</b>

##### 4.1.2 Defined Benefit Plans-Gratuity (Unfunded)

(i) Actuarial Assumptions	As at 31.03.2022	As at 31.03.2021
Discount Rate	7.19% p.a.	6.76% p.a.
Superannuation Age	60 Years	60 Years
Expected return on plan assets	Unfunded	Unfunded
Salary escalation rate *	5.00% p.a.	5.00% p.a.
Mortality rate	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate

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

(ii) Reconciliation of present value of obligation	As at 31.03.2022	As at 31.03.2021
Present value of obligation at the beginning of the year	16.24	6.20
Current Service Cost	27.87	10.96
Interest Cost	1.17	0.41
Actuarial (gain)/loss	0.82	(1.33)
Benefits Paid	-	-
Curtailments	-	-
Settlements	-	-
Present value of obligation at the end of the year	<b>46.10</b>	<b>16.24</b>



<b>(iii) Reconciliation of fair value of plan assets</b>	<b>As at 31.03.2022</b>	<b>As at 31.03.2021</b>
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gain/(loss)	-	-
Contributions	-	-
Benefits paid	-	-
Assets distributed on settlement	-	-
<b>Fair value of plan assets at the end of the year</b>	<b>-</b>	<b>-</b>
<b>(iv) Description of Plan Assets</b>	<b>As at 31.03.2022</b>	<b>As at 31.03.2021</b>
Insurer Managed Funds	-	-
<b>(v) Net (Asset)/Liability recognised in the Balance Sheet as at year end</b>	<b>As at 31.03.2022</b>	<b>As at 31.03.2021</b>
Present value of obligation	46.10	16.24
Fair value of plan assets	-	-
Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet	46.10	16.24
<b>(vi) Expenses recognised in the Statement of Profit and Loss</b>	<b>As at 31.03.2022</b>	<b>As at 31.03.2021</b>
Current Service Cost	27.87	10.96
Interest Cost	1.17	0.41
Expected return on plan assets	-	-
Actuarial (gain) / loss recognised in the period	0.82	-1.33
Past Service Cost	-	-
Curtailment cost	-	-
Settlement cost	-	-
Total expenses recognised in the Statement of Profit and Loss for the year	29.86	10.04
<b>Actual return on plan assets</b>	<b>-</b>	<b>-</b>

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



**5 Trade Payables**

Particulars	(₹ in Lakhs)	
	As at 31.03.2022	As at 31.03.2021
<b>Trade Payables (Refer Note 5.1)</b>		
(i) Total outstanding dues of MSMEs	-	-
(ii) Total outstanding dues of creditors other than MSMEs (Refer Note 23)	93.32	71.88
	<b>93.32</b>	<b>71.88</b>

**5.1** The Company has taken steps to identify suppliers who qualify under the definition of Micro and Small Enterprises, as defined under the Micro, Small and Medium Enterprises Act 2006. Since no intimation has been received from the suppliers regarding their status under the said Act as at 31.03.2022, disclosures relating to amounts unpaid as at the year end, if any, have not been furnished.

**6 Other Current Liabilities**

Particulars	(₹ in Lakhs)	
	As at 31.03.2022	As at 31.03.2021
(a) Other payables		
(i) Statutory dues	108.49	62.60
(ii) Dues to employees	100.59	-
(iii) Creditors for capital goods	1.71	25.62
(iv) Retention money	3.86	37.57
(v) Security Deposit	1.35	-
	<b>216.00</b>	<b>125.79</b>



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

7. Property, Plant & Equipment

Particulars	GROSS BLOCK (At Cost)			DEPRECIATION/AMORTIZATION			NET BLOCK		
	As at 01.04.2021	Additions	Sales/ Adjustments	As at 31.03.2022	As at 01.04.2021	For the Year	Disposal / Adjustments	As at 31.03.2022	As at 31.03.2021
<b>(i) Tangible Assets</b>									
Computer & Accessories	263.58	136.34	-	399.92	144.58	115.35	-	259.93	119.00
	(163.57)	(100.01)	(263.58)	(54.13)	(90.45)	(90.45)	-	(144.58)	(119.00)
Furniture and fittings	161.88	18.57	-	180.45	40.83	32.80	-	73.63	121.05
	(52.20)	(109.68)	(161.88)	(13.08)	(27.75)	(27.75)	-	(40.83)	(106.82)
Office Equipment	295.27	10.74	-	306.01	130.38	76.79	-	207.17	(39.12)
	(140.63)	(154.64)	(295.27)	(43.97)	(86.41)	(86.41)	-	(130.38)	(121.05)
Total Tangible Assets	720.73	165.65	-	886.38	315.79	224.94	-	540.73	164.89
	(356.40)	(364.33)	(720.73)	(111.18)	(204.61)	(204.61)	-	(315.79)	(164.89)
<b>(ii) Intangible Assets</b>									
Software	31.07	0.18	-	31.25	14.47	5.92	-	20.39	10.86
	(30.17)	(0.90)	(31.07)	(7.19)	(7.28)	(7.28)	-	(14.47)	(10.86)
<b>Total Assets</b>	<b>751.80</b>	<b>165.83</b>	<b>-</b>	<b>917.63</b>	<b>330.26</b>	<b>230.86</b>	<b>-</b>	<b>561.12</b>	<b>421.54</b>
	(386.57)	(365.23)	(751.80)	(118.37)	(211.89)	(211.89)	-	(330.26)	(268.11)
									(421.54)



8 Deferred Tax Asset (Net)		(₹ in Lakhs)	
Particulars		As at 31.03.2022	As at 31.03.2021
<b>A. Deferred Tax Liability</b>			
On difference between Written down value of fixed assets as per Income Tax Act and as per books.		-	-
		-	-
<b>B. Deferred Tax Assets</b>			
On other disallowances		59.39	33.17
		59.39	33.17
<b>Net Deferred Tax Asset [B-A]</b>		<b>59.39</b>	<b>33.17</b>

9 Long-Term Loans and Advances		(₹ in Lakhs)	
Particulars		As at 31.03.2022	As at 31.03.2021
<b>Unsecured, considered good</b>			
Rent deposits		133.09	121.63
Other Deposit		9.18	9.18
Income Tax (Net)		59.17	30.11
		-	-
		<b>201.44</b>	<b>160.92</b>

10 Other Non-Current Assets		(₹ in Lakhs)	
Particulars		As at 31.03.2022	As at 31.03.2021
Fixed Deposits (Refer Note 10.1)		-	100.73
		-	<b>100.73</b>

10.1 Balances with banks in Deposit Accounts with a maturity period not less than 12 months.

11 Trade Receivables		(₹ in Lakhs)	
Particulars		As at 31.03.2022	As at 31.03.2021
<b>Unsecured, considered good (Refer Note 11.1)</b>			
Outstanding for a period exceeding 6 months from the date they are due for payment		-	-
Others (Net) (Refer Note 24)		521.27	336.79
		<b>521.27</b>	<b>336.79</b>

11.1 Others (Net) represents the amount receivable from the Holding Company



**12 Cash and Cash Equivalents** (₹ in Lakhs)

Particulars	As at 31.03.2022	As at 31.03.2021
Cash in hand		
Balance with Banks :		
In Current Accounts	320.22	317.12
In Deposits Accounts	468.47	101.05
	<b>788.69</b>	<b>418.17</b>

**13 Short-Term Loans and Advances** (₹ in Lakhs)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Unsecured, considered good</b>		
(a) Advances recoverable in cash or in kind or for which values to be received	34.42	17.42
(b) Other advances	20.82	6.81
	<b>55.24</b>	<b>24.23</b>



## 14 Revenue from operations

Particulars	As at 31.03.2022	As at 31.03.2021	(₹ in Lakhs)
<b>Sale of Services</b>			
Data processing and Monitoring services	4,266.63	2,638.25	
	<b>4,266.63</b>	<b>2,638.25</b>	

## 15 Other Income

Particulars	As at 31.03.2022	As at 31.03.2021	(₹ in Lakhs)
Interest on FD	18.64	1.93	
Interest on IT Refund	2.29	0.04	
Rental Income	27.18	-	
Rental Subsidy	4.67	-	
Stamp Paper Handling Charges	1.55	-	
STPI Grant Received	87.43	-	
Miscellaneous Income	1.17	-	
	<b>142.93</b>	<b>1.97</b>	

## 16 Employee benefits expense

Particulars	As at 31.03.2022	As at 31.03.2021	(₹ in Lakhs)
Salaries & Wages	1,621.22	746.67	
Contribution to Provident and Other Funds	161.83	90.36	
Staff Welfare Expenses	97.19	48.08	
	<b>1,880.24</b>	<b>885.11</b>	

## 17 Other expenses

Particulars	As at 31.03.2022	As at 31.03.2021	(₹ in Lakhs)
Insurance Expenses	7.59	0.44	
Internet and Leased Line connectivity Charges	32.88	26.01	
Miscellaneous expenses	1.38	0.52	
Office Expenses	49.66	32.83	
Payments to Auditors (Refer Note 17.1)	3.17	3.10	
Postage and Courier Expenses	320.76	216.12	
Power and Fuel	70.19	61.59	
Printing and Stationery Expenses	32.29	27.44	
Professional and Consultancy charges	4.10	16.69	
Rates and Taxes	0.51	1.49	
Rent	210.78	216.58	
Repairs and Maintenance	10.76	15.50	
Service charges	839.99	564.36	
Sitting Fees to Directors	1.20	1.20	
Software maintenance	11.33	5.93	
Telephone Expenses	128.46	23.57	
Transportation Expenses	158.42	90.44	
	<b>1,883.47</b>	<b>1,303.81</b>	



**17.1 Payments in respect of Auditor's Remuneration**

Particulars	(₹ in Lakhs)	
	As at 31.03.2022	As at 31.03.2021
a. Statutory Audit fees (excluding GST)	1.25	1.25
b. Other services (excluding GST)	1.92	1.85
	<b>3.17</b>	<b>3.10</b>

**18 Earnings per equity share**

Particulars	(₹ in Lakhs)	
	As at 31.03.2022	As at 31.03.2021
Profit / (Loss) after taxation	345.48	183.64
Weighted Average Number of Equity Shares of Rs. 10/- each (fully paid-up)	50,00,000	50,00,000
<b>Basic/ Diluted (not annualized)</b>	<b>6.91</b>	<b>3.67</b>



- 19 There are no contingent liabilities outstanding as at the end of the year.
- 20 The company has taken premises under rental arrangements, which are in the nature of cancellable operating leases except for rent of 2nd floor office in Visakhapatnam, which has a lock-in period of 3 years.

Future minimum lease payable under non-cancellable operating leases are as follows:

Particulars	For the Year Ended 31st March, 2022	For the Year Ended 31st March, 2021
Lease rentals recognized during the period	85.91	72.44
Lease Obligations Payable:		
a) Not later than one year	21.00	56.46
b) Later than one year but not later than five years	-	-
c) Later than five years	-	-

- 21 (a) Based on an assessment carried out by the management following the global outbreak of Coronavirus (COVID-19) pandemic, having regard to the overall national and global economic environment, taking into account internal and external information available up to the date of approval of these financial statements, no material adjustments are required in the financial statements. The impact of the pandemic may be different from that estimated as at the date of approval of these financial statements and the management will continue to closely monitor any material changes to future economic conditions.
- (b) In the opinion of the management, short term loans and advances and other current assets, have the value at which they are stated in the Balance Sheet, if realised in the ordinary course of business.
- (c) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries."
- 22 Disclosure of transactions with related parties as required by Accounting Standard-18 on related party disclosures as prescribed by Companies (Accounting Standards) Rules, 2006.

#### A. Related parties and nature of relationship

Name of Party	Nature of Relationship
Federal Bank Ltd	Holding Company
Balagopal C.	
Venkateswaran Venkatraman	
Kunhi Ajithkumar Krishnan	
Johnson K. Jose	Key Managerial Personnel
Prashant Preman	
Rinu Jacob	
Anil P	



**B. Details of the transactions with the above parties during the year and balance outstanding as at 31.03.2022**

Particulars	Holding Company	Key Managerial Personnel (KMP)	Total
Revenue from Operations	4,266.63	-	4,266.63
	(2,638.25)	-	(2,638.25)
Service charges	839.99	-	839.99
	(564.36)	-	(564.36)
Sitting Fees	-	1.20	1.20
	-	(1.20)	*(1.20)
Salary	-	32.45	32.45
	-	(20.85)	(20.85)
Rent	0.60	-	0.60
	(0.60)	-	(0.60)

**C. Balance as on 31.03.2022**

Particulars	Holding Company	Key Managerial Personnel (KMP)	Total
Sundry debtors	660.00	-	660.00
	(337.00)	-	(337.00)
Sundry creditors	83.33	-	83.33
	(54.32)	-	(54.32)
Security Deposit given	0.15	-	0.15
	(0.15)	-	(0.15)
Security Deposit received	1.35	-	1.35
	-	-	-
Equity Share Capital	499.97	-	499.97
	(499.97)	-	(499.97)
Preference share capital	500.00	-	500.00
	(500.00)	-	(500.00)

\*previous year figure in the bracket.



23 Ageing of Trade Payable

Particulars	Outstanding for following periods from the due date of payment					(₹ in Lakhs)
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	
(i) MSME	-	-	-	-	-	-
(ii) Others	93.32	-	-	-	93.32	
	(71.88)				(71.88)	
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>93.32</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>93.32</b>	
Total - Previous Year	(71.88)	-	-	-	(71.88)	

24 Ageing of Trade Receivable

Particulars	Outstanding for following periods from the due date of payment					(₹ in Lakhs)
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	521.27	-	-	-	-	521.27
	(336.79)	-	-	-	-	(336.79)
(ii) Undisputed Trade Receivables - considered doubtful	-	-	-	-	-	-
	-	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-
	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered doubtful	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Total</b>	<b>521.27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>521.27</b>
Total - Previous Year	(336.79)	-	-	-	-	(336.79)



**25 Accounting ratios**

Ratio	Note	Current Year	Previous Year	Variance (in %)
Current Ratio	(a)	4.41	3.94	12%
Debt-Equity Ratio	(b)	NA	NA	NA
Debt Service Coverage Ratio	(c)	NA	NA	NA
Return on Equity Ratio	(d)	31%	23%	30%
Inventory turnover ratio	(e)	-	-	-
Trade Receivables turnover ratio	(f)	9.94	10.36	-4%
Trade payables turnover ratio	(g)	-	-	-
Net capital turnover ratio	(h)	-	-	-
Net profit ratio	(i)	8%	7%	16%
Return on Capital employed	(j)	25%	18%	34%
Return on investment	(k)	26%	19%	37%

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

**27 Segment Reporting**

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

**28 Figures have been rounded off to the nearest rupee.**

As per our separate report of even date attached

For and on behalf of the Board of Directors

**For VARMA & VARMA**  
(FRN: 004532S)  
  
(VIVEK KRISHNA GOVIND)  
Partner  
CHARTERED ACCOUNTANTS  
Membership No. 208259



Paiparambath Anil  
Company Secretary

Rinu Jacob  
Chief Financial Officer

Prashant Preman  
Director  
DIN: 09134084

Johnson K Jose  
Director  
DIN: 08267398

Place : Kochi  
Date : 26-04-2022