



ANNUAL REPORT

FY 2022-23

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

AGM NOTICE 2023



Date: June 19, 2023

Notice to the shareholders

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

Meeting	Day and Date	Time	Venue
Annual General Meeting FY 2023-24	July 14, 2023 (Friday)	03.00 PM	through VC/OAVM

to transact the following businesses-

ORDINARY BUSINESSES

- 1. To receive, consider, approve and adopt the audited financial statements, including audited Balance Sheet and Profit and Loss Account of the company for the financial year ended on March 31,2023 and the Reports of the Board of Directors and the Auditors thereon.**

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

“RESOLVED THAT the audited Financial Statements of the Company for the financial year ended on March 31, 2023 together with the Directors’ Report and the Auditor’s Report thereon as presented to the meeting be and are hereby approved and adopted.”

- 2. To appoint a director in place of Mr. Venkateswaran Venkatraman (DIN:09227554), who retires by rotation and being eligible, offers himself for re-appointment.**

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

“RESOLVED THAT Mr. Venkateswaran Venkatraman (DIN: 09227554) 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 declare a dividend on 8.5% Non-Cumulative Preference shares issued by the Company.**

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

“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 accorded for the 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, 2023.”

SPECIAL BUSINESSES

4. To re-appoint Mr. Prashant Preman (DIN: 09134084) as a Whole-time Director of the Company

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

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 and 203 of the Act, read with Schedule V to the Act, and other applicable provisions, if any, of the Act and the rules made thereunder, (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Articles of Association of the Company, consent of the Members be and is hereby accorded for the re-appointment of Mr. Prashant Preman (DIN: 09134084) as a Whole-Time Director of the Company for a period of 03 years effective from April 16,2023 on the terms and conditions including remuneration as set out in the statement annexed to the Notice of this Meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of the appointment and/ or Remuneration subject to the same not exceeding the limits specified under Section 197 read with Schedule V of the Companies Act, 2013

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and matters and things as, in its absolute discretion, it may consider necessary, expedient and desirable to give effect to this resolution.”

5. To ratify the Remuneration paid to Mr. Prashant Preman, Whole-time Director (DIN: 09134084) of the Company in excess of 5% of net profits of the company under section 197 of the Companies Act,2013

To consider and if thought fit to pass, with or without modification, the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 197 and other applicable provisions of the Companies Act,2013 and the Rules made thereunder, the payment of remuneration to Mr. Prashant Preman, Whole-time director of the company (DIN: 09134084) in excess of 5% of net profits of the company during Financial Years 2021-22 and 2022-23 be and is hereby ratified.”

Place: Aluva, Kochi
Date: June 19,2023

By order of the Board of Directors
S/d
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 10/2022 dated December 28, 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 Registered 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 requested to send to the Company 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. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting ('AGM' or 'Meeting') is annexed hereto.

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

Particulars	Information
Name	Mr. Venkateswaran Venkatraman
Age	57 years
Qualifications	Mr. Venkateswaran Venkatraman is a Chartered Accountant with graduate degrees in Law and Economics. He is also equipped with an Executive MBA from Indian Institute of Management.
Experience	Mr. Venkatraman has got more than three decades of professional experience in Banking and Compliance, with international exposure. He has got vast experience working with HSBC and SCB in Global Finance Operations, Financial Compliance, Operations, Technology and support functions in various capacities. Mr. Venkatraman has also handled senior positions responsible for financial management, reporting and financial control in large corporates like Indian Rayon & Industries (Aditya Birla Group), the Singapore based Kewalram Chanrai Group and as CFO with Invensys India Pvt Ltd
Terms and Conditions of appointment and details of remuneration	Mr. Venkateswaran Venkatraman will be appointed as a Non-Executive Director of the Company and the company is not intending to pay any remuneration to the proposed director.
Remuneration last drawn	NA
Date of first appointment on Board	12.07.2021
Shareholding in company	1 share (on behalf of The Federal Bank Limited)
Relationship with other Directors	Nil
Number of Meetings of Board attended	06 Meetings out of 06 meetings held during FY 2022-23.
Other Directorships/Committee Membership/Chairmanship	Nil

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

Item no. 4

The Board at its meeting held on 28.04.2023 had approved the re-appointment of Mr. Prashant Preman (DIN: 09134084), as Whole-Time director of the Company as per the terms and conditions and period mentioned in the resolution.

Taking into consideration his rich experience and expertise which will contribute to the growth of the Company, the Board recommends his re-appointment as a whole-time director of the Company.

As per Secretarial Standard 2, the following information is provided:

Particulars	Information
Name	Mr. Prashant Preman
Age	15/05/1981
Qualifications	MBA, Six Sigma Master Black Belt
Experience	20+ years
Terms and Conditions of appointment and details of remuneration	i) The appointment shall be valid for a period of 3 years. ii) The remuneration to be paid to Mr. Prashant Preman shall be nil. iii) The Board would have power to alter and vary the terms and conditions of the appointment and/ or Remuneration subject to the same not exceeding the limits specified under Section 197 read with Schedule V of the Companies Act, 2013.
Remuneration last drawn	INR 2.60 lakhs/Month (CTC for July 2022)
Date of first appointment on Board	16.04.2021
Shareholding in company	Nil (As on 31.03.2023)
Relationship with other Directors	Nil
Number of Meetings of Board attended	06 Meetings out of 06 meetings held during FY 2022-23.
Other Directorships/Committee Membership/Chairmanship	Nil

None of the Directors or KMP except Mr. Prashant Preman and their relatives are concerned or interested, financially or otherwise, in the resolution set out as Item No. 4.

Item no. 5

Mr. Prashant Preman (DIN:09134084) was appointed as a whole-time director of the company with effect from April 16,2021 for a period of two years by the Board. Subsequently, shareholders of the company had approved his appointment as a whole-time director of the company and terms of his appointment including remuneration, at the Annual General Meeting held on August 17, 2021.

As per the provisions of Section 197 of the Companies Act,2013, remuneration to a whole-time director in a financial year shall not exceed 5% of the net profits of the company in the financial year. However, the remuneration paid to Mr. Prashant Preman (DIN: 09134084) in accordance with the terms of his appointment, during FY 2021-22 and 2022-23(From 01.04.2022-30.07.2022) exceeds the limits specified in Section 197 of the Companies Act,2013.

Pursuant to the provisions of Section 197(1) of the Companies Act,2013, shareholders' approval by way of a special resolution is required for payment of remuneration exceeding 5% of net profits to a Whole-time director.

The Board, at its meeting held on April 28,2023, had approved the proposal for ratification of the payment of remuneration to Mr. Prashant Preman, Whole-time director of the company (DIN: 09134084) in excess of 5% of net profits of the company during Financial Years 2021-22 and 2022-23 and recommended the same to the shareholders for ratification by way of a special resolution.

None of the Directors or KMP except Mr. Prashant Preman and their relatives are concerned or interested, financially or otherwise, in the resolution set out as Item No. 5.

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.

Place: Aluva, Kochi
Date: June 19,2023

By order of the Board of Directors
S/d
Paiparambath Anil
Company Secretary

FedServ
FEDERAL OPERATIONS & SERVICES LTD.



DIRECTORS' REPORT 2023

DIRECTORS' REPORT

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

Your directors have pleasure in presenting the Fifth 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, 2023**.

FINANCIAL RESULTS

Particulars	Current Year 31.03.2023 (In Rs)	Previous Year 31.03.2022 (In Rs)
(a) Turnover	59,56,47,217	44,09,55,667
(b) Net Profit (before depreciation and tax)	809,15,432	645,87,585
Less : Depreciation	(231,54,250)	(230,85,592)
(c) Net Profit/(Loss) before tax	577,61,182	415,01,994
Less : Provision for Tax (including for deferred tax)	(99,93,864)	(69,51,937)
(d) Net Profit/(Loss) after tax	477,67,318	345,50,056

FINANCIAL HIGHLIGHTS

- ❖ Federal Operations and Services Limited ("FedServ") is a wholly owned subsidiary company of The Federal Bank Limited devoted to providing Support and technology- oriented services. The Company was set up on October 26, 2018. The Company operates from three locations - Kochi in Kerala, Visakhapatnam in Andhra Pradesh and Bengaluru in Karnataka.
- ❖ The Company provides services in respect of the operational activities of The Federal Bank Limited. The Company has taken over 125 operational activities during the period up to March 31, 2023. 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, 2023 is ₹ 61.85 Crores. Out of the total revenue, ₹ 59.50 Crores pertains to services provided by the Company to the Federal Bank Limited and ₹ 2.35 Crores relates to the indirect incomes. The Company had earned a net profit (after tax) of ₹4.78 crores for the period ended March 31, 2023.
- ❖ The Net Worth of FedServ at the beginning of the year was ₹ 16.27 Crores and closing net worth of FedServ as on March 31, 2023 was ₹ 20.62 Crores.
- ❖ Your Company is planning to migrate a greater number of processes from Federal Bank in the upcoming year and expects to bring higher efficiency and effectiveness in the operational processes of the Bank.

BOARD OF DIRECTORS:

As on March 31, 2023, the Board of your company consists of five Directors as follows:

S. No.	Name of Director	Designation	DIN
1.	Mr. Abhaya Prasad Hota	Chairman and Non-Executive Independent Director	02593219
2.	Mr. Venkateswaran Venkatraman	Non-executive Director	09227554
3.	Mr. Kunhi Krishnan Ajith Kumar	Non-executive Director	08504660
4.	Mr. Johnson Koonamplakkal Jose	Non-executive Director	08267398
5.	Mr. Prashant Preman	Whole-time Director	09134084

BOARD MEETINGS DURING THE FINANCIAL YEAR

During the financial year 2022-23, the Board of Directors of the Company duly met Six (6) times on following dates:

- i. Board Meeting no. 01/2022-23: April 26, 2022
- ii. Board Meeting no. 02/2022-23: July 12, 2022
- iii. Board Meeting no. 03/2022-23: August 12, 2022
- iv. Board Meeting no. 04/2022-23: October 12, 2022
- v. Board Meeting no. 05/2022-23: January 12, 2023
- vi. Board Meeting no. 06/2022-23: March 28, 2023

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*	6	1
1.	Mr. Abhaya Prasad Hota	6	6
2.	Mr. Venkateswaran Venkatraman	6	6
3.	Mr. Kunhi Krishnan AjithKumar	6	6
4.	Mr. Johnson Koonamplakkal Jose	6	6
5.	Mr. Prashant Preman	6	6

*Mr. Balagopal Chandrasekhar resigned from the Board of Directors of the Company with effect from April 26, 2022.

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 changes in the Board during the financial year 2022-23 are provided below

S. No.	Name of the Director	Change	Date of Change
1.	Mr. Balagopal Chandrasekhar	Cessation as a Director	April 26, 2022
2.	Mr. Abhaya Prasad Hota	Appointment as an Independent Director & Chairman	April 26, 2022

As on March 31, 2023, the following Directors/Executives continued as the Key Managerial Personnel of the company:

S. No.	Name of KMP	Designation	DIN
1.	Mr. Prashant Preman	Whole-time director	09134084
2.	Mr. Rinu Jacob	Chief Financial Officer	NA
3.	Mr. Paiparambath Anil	Company Secretary	NA

DETAIL OF FRAUD AS PER AUDITORS REPORT

There were no fraud cases detected and required to be reported during the year under review as per section 134(3) (ca), read with section 143(12) of the Companies Act, 2013

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 the Statutory Auditors of your Company at the First Annual General Meeting of the company held on 10th December 2019. The Audit Report submitted by M/s Varma and Varma, Chartered Accountants, for FY 2022-23 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 to the Company. The Company is also not required to maintain cost records as per the provisions of the Companies Act, 2013.

- SECRETARIAL AUDITORS**

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

PARTICULARS OF INTER-CORPORATE LOANS & INVESTMENT UNDER SECTION 186 OF COMPANIES ACT, 2013

During the Financial Year 2022-23, 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 2022-23 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.

All related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis. There were also no material contracts or arrangements or transactions with related parties during the period. Accordingly, the disclosure in Form AOC-2 is not applicable to the company.

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 complying with the Code for Independent Directors as specified under 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 that the affairs of your Company are managed in a fair and transparent manner. As on March 31,2023, your company is providing 125 services 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 ₹ 4.78 crores is proposed to be carried as profit in the Balance Sheet for the Financial Year ended March 31, 2023. It is not proposed to carry this amount into any specific reserve.

DIVIDEND

Based on the Company's performance, the Directors have recommended a 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 ₹ 20 Crores divided into 50 lakh equity shares of ₹ 10 each and 150 lakh preference shares of ₹ 10/- each. The paid-up Share Capital as on March 31, 2023, remained at ₹ 10 Crores divided into 50 lakh equity shares of ₹ 10/- each and 50 lakh preference shares of ₹ 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 31.03.2023 is ₹ 10 Crores.

COMPLIANCE WITH SECRETARIAL STANDARDS

During the year 2022-23, your Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

MATERIAL CHANGES AND COMMITMENTS

There have been no material changes or 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 the 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 are 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 to the Company for the financial year 2022-23.

JOINT VENTURE/ ASSOCIATE OR SUBSIDIARY COMPANIES

The Company does not have any Joint Venture/Associate or Subsidiary company as on March 31, 2023. The directors' Report has been prepared based on "Standalone Financial Statements of The Company." No company has become or ceased to be Fedserve's subsidiary, joint ventures or associate company during the year 2022-23.

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 2022-23.

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 as prescribed under the Act

One complaint was received under the Act during the financial year 2022-23. The Internal Complaints Committee considered the complaint and appropriate actions were taken by the committee on the matter.

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 maintains an adequate financial control system, commensurate with the size, scale and complexity of its operations. Your Company has adequate Internal Financial Controls over financial reporting of the company, and such Controls were operating effectively throughout the financial year 2022-23.

PARTICULARS OF EMPLOYEES

None of the employees who have worked throughout the year or a part of the financial year were getting 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. Further, the names of top ten employees in terms of remuneration drawn is available on the website of the company www.fedserv.co.in under “Downloads” Section.

NO CHANGES IN THE BUSINESS

The Company is engaged in the business of rendering support and technology-oriented services to banking institutions. There has been no change in the business of the Company during the financial year ended on March 31, 2023.

VIGIL MECHANISM

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

WEB LINK OF ANNUAL RETURN

The Company is having the website 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 <https://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.

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 and loss of the company for that period;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d) The Directors had prepared the annual accounts on a going concern basis; 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.

THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR

No application was made or any proceeding was pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the financial year

THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF.

No valuation was done during the financial year.

ACKNOWLEDGEMENT

Your directors wish to place on record their appreciation for the co-operation and support extended by the shareholders and other stakeholders. 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/-

**Mr. Abhaya Prasad Hota (DIN: 02593219)
Chairman of the Board**

Place: Aluva, Kochi
Date: June 19, 2023

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	<p>a) All the electrical equipments including Air Conditioners used by the company are energy efficient equipments.</p> <p>b) The Company is not using any fossil fuels in its operations.</p> <p>c) Design of the premises of the Company are in such a way that energy consumption is minimum.</p>
(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 planning to install solar power plants for generating power which can be used in the operations of the company.
(iii)	the capital investment on energy conservation equipments	Nil*

*During the financial year 2022-23, 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

Foreign Exchange earned in terms of actual inflows during the year: Nil
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/-
Mr. Abhaya Prasad Hota (DIN: 02593219)
Chairman of the Board

Place: Aluva, Kochi
Date: June 19,2023

FINANCIAL STATEMENTS AS ON MARCH 31, 2023



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 31st March, 2023, 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 31st March, 2023, 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.



Varma & Varma

Chartered Accountants

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.



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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 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 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. As stated in Note No.24.b to the financial statements, the remuneration paid/ payable to the Whole-Time director includes Rs. 11,43,500/-in respect of which approval of the shareholders under the Companies Act, 2013 is being sought at the ensuing Annual General Meeting.
- 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.32 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;



- b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note No.32 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 paid dividend on preference shares during the year and has complied with the provisions of Section 123 of the Act in respect of such payment.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from 1st April, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable to the company for the year.

Place: Kochi-19

Date: 28/4/2023

UDIN: 23216041BG1XVTF6550

For VARMA & VARMA
(FRN : 004532S)


(REMYA S MENON)
Partner
CHARTERED ACCOUNTANTS
Membership No. 216041

ANEXURE 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 31st MARCH, 2023

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 31st March, 2023 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's Provident Fund	The Employee's Provident Fund Act, 1952	33,632	Financial Year 2022-23	The dues could not be deposited due to technical issues in EPF website and Aadhar validation issues

- 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 31st March, 2023.
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.24 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 provisions of the Companies Act, 2013. Accordingly, the reporting requirements under the clause (xiv) (a) and (b) of Para 3 of the Order are not applicable.



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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.



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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: 28/4/2023

UDIN: 23216041BGTXTF6550

For VARMA & VARMA
(FRN:004532S)


REMYA S MENON
Partner
CHARTERED ACCOUNTANTS
Membership No. 216041

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 31st MARCH, 2023

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 31st March, 2023, 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.



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 31st March, 2023, 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: 28/4/2023

UDIN: 23216041861XVTF6550

For VARMA & VARMA
(FRN : 004532S)


(REMYAS MENON)
Partner
CHARTERED ACCOUNTANTS
Membership No. 216041

FEDERAL OPERATIONS AND SERVICES LIMITED
BALANCE SHEET AS AT 31st MARCH, 2023

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Particulars	Note No.	As at 31st March, 2023	As at 31st March, 2022
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	1,000.00	1,000.00
(b) Reserves and Surplus	3	1,062.29	627.12
		2,062.29	1,627.12
(2) Non-Current Liabilities			
(a) Long Term Provisions	4	67.52	46.10
		67.52	46.10
(3) Current Liabilities			
(a) Trade Payables	5		
(i) Total outstanding dues of micro enterprises and small enterprises; and		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		113.21	93.32
(b) Other Current Liabilities	6	360.28	216.00
(c) Short Term Provisions	7	3.94	-
		477.43	309.32
Total		2,607.24	1,982.54
II. Assets			
(1) Non-Current Assets			
(a) Property, Plant & Equipment and Intangible Asset	8		
(i) Property, Plant & Equipment		329.31	345.65
(ii) Intangible assets		5.26	10.86
(b) Deferred Tax Asset (Net)	9	78.84	59.39
(c) Long-Term Loans and Advances	10	31.08	59.17
(d) Other Non-Current Assets	11	273.45	142.27
		717.94	617.34
(2) Current Assets			
(a) Trade Receivables	12	571.99	521.27
(b) Cash and Cash Equivalents	13	1,121.27	788.69
(c) Short-Term Loans and Advances	14	83.48	55.24
(d) Other Current Assets	15	112.56	-
		1,889.30	1,365.20
Total		2,607.24	1,982.54

Significant accounting policies and Notes on Accounts (1 to 33)
The accompanying notes form an integral part of the financial statements.


For and on behalf of the Board of Directors

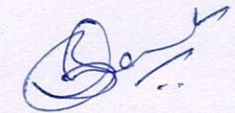
As per our separate report of even date attached

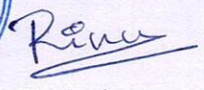
For VARMA & VARMA
(FRN : 004532 S)


REMYA S MENON
Partner
CHARTERED ACCOUNTANTS
Membership No. 216041




Paiparambath Anil
Company Secretary


Prashant Preman
Director
DIN: 09134084


Rinu Jacob
Chief Financial Officer


Johnson K Jose
Director
DIN: 08267398

Place : Kochi-19
Date: 28/04/2023

FEDERAL OPERATIONS AND SERVICES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2023

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Particulars		Note No.	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Income				
I.	Revenue from Operations	16	5,956.47	4,268.18
II.	Other Income	17	228.80	141.38
III.	Total Income (I+II)		6,185.27	4,409.56
IV. Expenses:				
	Employee Benefits Expense	18	2,762.05	1,887.49
	Depreciation and Amortization expense	8	231.55	230.86
	Other Expenses	19	2,614.06	1,876.22
	Total Expenses		5,607.66	3,994.57
V.	Profit before tax (III-IV)		577.61	414.99
VI. Tax expense:				
	(1) Current tax		117.82	95.73
	(2) Deferred tax		(19.46)	(26.22)
	(3) Tax for prior years		1.58	-
VII.	Profit for the period (V-VI)		477.67	345.48
VIII.	Earnings per equity share (in Rupees):	20		
	Nominal value of share Rs. 10/-			
	Basic/ Diluted		9.55	6.91

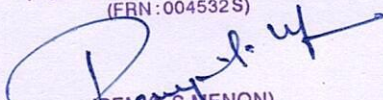
Significant accounting policies and Notes on Accounts (1 to 33)

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

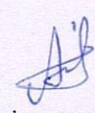
As per our separate report of even date attached

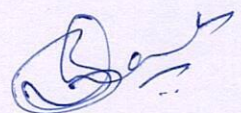
For and on behalf of the Board of Directors

For VARMA & VARMA
(ERN:004532S)

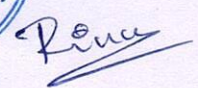

 PRISHA S MENON
 Partner
 CHARTERED ACCOUNTANTS
 Membership No. 216041



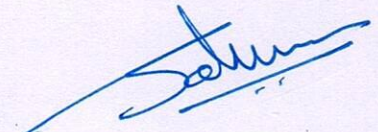

 Paiparambath Anil
 Company Secretary



Prashant Preman
 Director
 DIN: 09134084



Rinu Jacob
 Chief Financial Officer



Johnson K Jose
 Director
 DIN: 08267398

Place : Kochi-19
 Date : 28/04/2023

FEDERAL OPERATIONS AND SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2023

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Particulars	For the Year Ended 31st March, 2023		For the Year Ended 31st March, 2022	
A. Cash Flows from Operating Activities				
Profit/ (Loss) Before Taxation and Exceptional items		577.61		414.99
<i>Adjustments for:</i>				
Depreciation and Amortization expense	231.55	231.55	230.86	230.86
Operating Profit before Working Capital Changes		809.16		645.85
<i>Adjustments for:</i>				
(Increase) / Decrease in Trade Receivables	(50.71)		(184.48)	
Increase / (Decrease) in Trade Payables	20.22		45.35	
Increase / (Decrease) in Long Term Provisions	21.42		29.86	
Increase / (Decrease) in Short Term Provisions	3.94		-	
(Increase) / Decrease in Loans and Advances	(0.17)		(71.53)	
Increase / (Decrease) in Other Current Liabilities	144.30		90.21	
(Increase) / Decrease in Other current assets	(112.57)	26.43	-	(90.59)
Cash from/(used) in Operating Activities		835.59		555.26
Income tax paid		(119.40)		(95.73)
Net Cash from / (used) in Operating Activities		716.19		459.53
B. Cash Flows from Investing Activities				
(Deposits)/Withdrawals with more than 12 months maturities	(131.17)		100.73	
(Increase) / Decrease in Fixed Assets (including Capital Work in Progress)	(209.94)	(341.11)	(189.74)	(89.01)
Net Cash from / (used) in Investing Activities		(341.11)		(89.01)
C. Cash Flows from Financing Activities				
Dividend paid on preference shares	(42.50)	(42.50)	-	-
Net Cash from / (used) in Financing Activities		(42.50)		-
D. Summary				
Net Cash from / (used) Operating Activities		716.19		459.53
Net Cash from / (used) in Investing Activities		(341.11)		(89.01)
Net Cash from / (used) in Financing Activities		(42.50)		-
Net Increase / (Decrease) in Cash and Cash Equivalents		332.58		370.52



FEDERAL OPERATIONS AND SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2023

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Cash and Cash Equivalents at beginning of the period	788.69	418.17
Cash and Cash Equivalents at the end of the period	1,121.27	788.69
	332.58	370.52


As per our separate report of even date attached

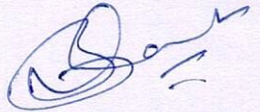
For and on behalf of the Board of Directors

For VARMA & VARMA
(FRN: 004532S)

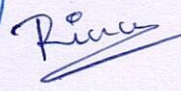

(JEREMY S MENON)
Partner
CHARTERED ACCOUNTANTS
Membership No. 216041

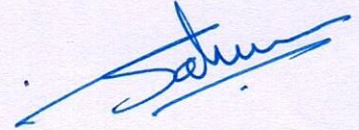



Paiparambath Anil
Company Secretary



Prashant Preman
Director
DIN: 09134084


Rinu Jacob
Chief Financial Officer



Johnson K Jose
Director
DIN: 08267398

Place : Kochi-19
Date : 28/04/2023

FEDERAL OPERATIONS AND SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES, NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2023

Corporate information

Federal Operations and Services Limited ("the Company") is a public company domiciled in India and incorporated under the provisions of Companies Act, 2013. The company is a wholly-owned subsidiary of Federal Bank Limited and is engaged in the business of carrying on back end operational activities and technology oriented services including support functions of the Bank and all related activities, processes, subprocesses, data processing services, data management services, transcription services, disaster recovery management services, payroll services, human resource services and activities carried on at help desk, benefits administration, training management activities, business and technology process outsourcing services and activities of Data Entry Operations etc.

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 Property, Plant and Equipment and Intangible Asset

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 amortization 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 statement of Profit & Loss 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 include 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 a virtual certainty that sufficient future taxable income will be available to realise 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. As 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 Government 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

- i 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.
- ii 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 statement of profit and loss in the first year.

M Earnings Per Share

- i 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 shareholders by the weighted average number of Equity Shares outstanding during the period.
- ii 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

- i 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.
- ii 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 Statement of Profit and Loss 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 FORMING PART OF THE FINANCIAL STATEMENTS
 (All amounts are in lakhs of Indian Rupees, unless otherwise stated)

2 Share Capital

Particulars	As at	
	31st March, 2023	31st March, 2022
Authorised:		
Equity Share Capital		
50,00,000 Shares of Rs. 10/- each	500.00	500.00
Preference Share Capital		
1,50,00,000 Shares of Rs. 10/- each	1,500.00	1,500.00
	2,000.00	2,000.00
Issued, Subscribed and Fully paid:		
50,00,000 Equity shares of Rs. 10/- each	500.00	500.00
50,00,000 8.5% Preference shares of Rs. 10/- each	500.00	500.00
	1,000.00	1,000.00

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

Particulars	As at		As at	
	31st March, 2023		31st March, 2022	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the financial year	5,000,000	500.00	5,000,000	500.00
Add: Shares issued during the year	-	-	-	-
At the end of the financial year	5,000,000	500.00	5,000,000	500.00

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

Particulars	As at		As at	
	31st March, 2023		31st March, 2022	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the financial year	5,000,000	500.00	5,000,000	500.00
Add: Shares issued during the year	-	-	-	-
At the end of the financial year	5,000,000	500.00	5,000,000	500.00

2.3 Terms/Rights attached to Equity Shares

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

Name of Shareholder	As at		As at	
	31st March, 2023		31st March, 2022	
	%	Number of shares	%	Number of shares
Federal Bank Ltd	99.99	4,999,695	99.99	4,999,695

2.5 Shares held by Holding Company

Name of Shareholder	As at		As at	
	31st March, 2023		31st March, 2022	
	%	Number of shares	%	Number of shares
Federal Bank Ltd., the Holding Company	99.99	4,999,695	99.99	4,999,695



FEDERAL OPERATIONS AND SERVICES LIMITED
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS
 (All amounts are in lakhs of Indian Rupees, unless otherwise stated)

2.6 Shares held by Promoters

Name of the promoter	No. of shares held		% of Total Shares	% change during the year
	As at 31st March, 2023	As at 31st March, 2022		
Equity shares:-				
The Federal Bank Limited	4,999,695	4,999,695	99.99%	0%
Preference shares:-				
The Federal Bank Limited	5,000,000	5,000,000	100%	0%

Note: Details of promoters is as per annual return filed with the Registrar of Companies.

3 Reserves and Surplus

Particulars	As at 31st March, 2023	As at 31st March, 2022
Surplus in the Statement of Profit and Loss		
As per last Balance Sheet	627.12	281.64
Add/ (Less): Profit/ (Loss) for the year as per Statement of Profit and Loss	477.67	345.48
Less : Preference dividend paid	(42.50)	-
Closing balance	1,062.29	627.12



FEDERAL OPERATIONS AND SERVICES LIMITED
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS
 (All amounts are in lakhs of Indian Rupees, unless otherwise stated)

4 Long - Term Provisions

Particulars	As at 31st March, 2023	As at 31st March, 2022
Provision for employee benefits		
Provision for Gratuity (Refer Note 4.1 below)	67.52	46.10
	67.52	46.10

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	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Employer's contribution to Provident Fund	175.41	108.53
Employer's contribution to Employee State Insurance	45.47	30.97
	220.88	139.50

4.1.2 Defined Benefit Plans-Gratuity (Unfunded)

(i) Actuarial Assumptions	As at 31st March, 2023	As at 31st March, 2022
Discount Rate	7.31% p.a.	7.19% 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 31st March, 2023	As at 31st March, 2022
Present value of obligation at the beginning of the year	46.10	16.24
Current Service Cost	33.53	27.87
Interest Cost	3.36	1.17
Actuarial (gain)/loss	(15.02)	0.82
Benefits Paid	-	-
Curtailments	-	-
Settlements	-	-
Present value of obligation at the end of the year	67.97	46.10



FEDERAL OPERATIONS AND SERVICES LIMITED
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS
 (All amounts are in lakhs of Indian Rupees, unless otherwise stated)

(iii) Reconciliation of fair value of plan assets	As at 31st March, 2023	As at 31st March, 2022
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	-	-
Fair value of plan assets at the end of the year	-	-

(iv) Description of Plan Assets	As at 31st March, 2023	As at 31st March, 2022
Insurer Managed Funds	-	-

(v) Net (Asset)/Liability recognised in the Balance Sheet as at year end	As at 31st March, 2023	As at 31st March, 2022
Present value of obligation	67.97	46.10
Fair value of plan assets	-	-
Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet	67.97	46.10

(vi) Expenses recognised in the Statement of Profit and Loss	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Current Service Cost	33.53	27.87
Interest Cost	3.36	1.17
Expected return on plan assets	-	-
Actuarial (gain) / loss recognised in the period	(15.02)	0.82
Past Service Cost	-	-
Curtailment cost	-	-
Settlement cost	-	-
Total expenses recognised in the Statement of Profit and Loss for the year	21.87	29.86
Actual return on plan assets	-	-

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

4.2 The liabilities arising on account of leave encashment are short-term in nature as no leaves are eligible to be carried forward and therefore, no actuarial valuation is obtained for the same. The company follows calendar year for leave encashment and any liability arising for the short term are provided on the basis of management estimate.



FEDERAL OPERATIONS AND SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

5 Trade Payables

Particulars	As at 31st March, 2023	As at 31st March, 2022
Trade Payables		
(i) Total Outstanding dues of Micro Enterprises and Small Enterprises; and (Refer Note 5.1)	-	-
(ii) Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	113.21	93.32
	<u>113.21</u>	<u>93.32</u>

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 31.03.2023, disclosures relating to amounts unpaid as at the year end, if any, have not been furnished.

5.2 Trade payables ageing schedule has been disclosed in Note No.25 .

6 Other Current Liabilities

Particulars	As at 31st March, 2023	As at 31st March, 2022
(a) Other payables		
(i) Statutory dues	103.87	108.49
(ii) Dues to employees	226.22	100.59
(iii) Creditors for capital goods	1.38	1.71
(iv) Retention money	7.75	3.86
(v) Security Deposit	21.06	1.35
	<u>360.28</u>	<u>216.00</u>

7 Short Term Provisions

Particulars	As at 31st March, 2023	As at 31st March, 2022
Provision for Employee Benefits (Refer Note 4.1 & 4.2)	3.94	-
	<u>3.94</u>	<u>-</u>



FEDERAL OPERATIONS AND SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

8. Property, Plant & Equipment and Intangible Asset

Particulars	GROSS BLOCK (At Cost)			DEPRECIATION/AMORTIZATION				NET BLOCK		
	As at 1st April, 2022	Additions during the year	Deletions/ Adjustments	As at 31st March, 2023	As at 1st April, 2022	For the Year	Deletions/ Adjustments	As at 31st March, 2023	As at 31st March, 2022	As at 31st March, 2023
(i) Property, Plant & Equipment										
Computer & Accessories	399.92 (263.58)	164.60 (136.34)	-	564.52 (399.92)	259.93 (144.58)	140.11 (115.35)	-	400.04 (259.93)	139.99 (119.00)	164.48 (139.99)
Furniture and fittings	180.45 (161.88)	0.18 (18.57)	-	180.63 (180.45)	73.63 (40.83)	27.75 (32.80)	-	101.38 (73.63)	106.82 (121.04)	79.25 (106.82)
Lease Hold Improvements	-	10.80	-	10.80	-	4.13	-	4.13	-	6.67
Office Equipment	306.01 (295.27)	34.03 (10.74)	-	340.04 (306.01)	207.17 (130.37)	53.96 (76.79)	-	261.13 (207.17)	98.84 (164.89)	78.91 (98.84)
Total Tangible Assets	886.38 (720.72)	209.61 (165.66)	-	1,095.99 (886.38)	540.73 (315.79)	225.95 (224.94)	-	766.68 (540.72)	345.65 (404.94)	329.31 (345.65)
(ii) Intangible Assets										
Software	31.25 (31.07)	- (0.18)	-	31.25 (31.25)	20.39 (14.47)	5.60 (5.92)	-	25.99 (20.39)	10.86 (16.60)	5.26 (10.86)
Total Assets	917.63 (751.79)	209.61 (165.84)	-	1,127.24 (917.63)	561.12 (330.26)	231.55 (230.86)	-	792.67 (561.11)	356.51 (421.54)	334.57 (356.51)



FEDERAL OPERATIONS AND SERVICES LIMITED
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS
 (All amounts are in lakhs of Indian Rupees, unless otherwise stated)

9 Deferred Tax Assets (Net)

Particulars	As at 31st March, 2023	As at 31st March, 2022
A. Deferred Tax Assets		
On difference between Written down value of fixed assets as per Income Tax Act and as per books	57.01	45.25
On other disallowances	21.83	14.14
	78.84	59.39
Deferred Tax Assets	78.84	59.39

10 Long-Term Loans and Advances

Particulars	As at 31st March, 2023	As at 31st March, 2022
Unsecured, considered good		
Income Tax (Net)	31.08	59.17
	31.08	59.17
	31.08	59.17

11 Other Non-Current Assets

Particulars	As at 31st March, 2023	As at 31st March, 2022
Unsecured, considered good		
Rent deposits	264.37	133.09
Other Deposit	9.08	9.18
	273.45	142.27
	273.45	142.27

12 Trade Receivables

Particulars	As at 31st March, 2023	As at 31st March, 2022
Unsecured, considered good		
Aggregate amount of Trade Receivables outstanding for a period exceeding six months from the date they are due for payment	-	-
Other Debts (Refer Note 12.1)	571.99	521.27
	571.99	521.27
	571.99	521.27

12.1 Other debts represents the amount receivable from the Holding Company.

12.2 Trade receivables ageing schedule has been disclosed in Note No.26.



FEDERAL OPERATIONS AND SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

13 Cash and Cash Equivalents

Particulars	As at 31st March, 2023	As at 31st March, 2022
Cash in hand	-	-
Balance with Banks :		
In Current Accounts	631.50	320.22
In Deposits Accounts (Refer Note No.13.1)	489.77	468.47
	1,121.27	788.69

13.1 As on reporting date there are no deposits with maturity period greater than 12 months. These deposits can be withdrawn by the company at any point without prior notice or penalty on the principal and accordingly classified as cash and cash equivalents.

14 Short-Term Loans and Advances

Particulars	As at 31st March, 2023	As at 31st March, 2022
Unsecured, considered good		
(a) Advances recoverable in cash or in kind or for which values to be received	43.60	34.42
(b) Other advances	39.88	20.82
	83.48	55.24

15 Other Current Assets

Particulars	As at 31st March, 2023	As at 31st March, 2022
STPI Grant receivable	112.56	-
	112.56	-



FEDERAL OPERATIONS AND SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

16 Revenue from operations

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Sale of Services		
Data processing and Monitoring services	5,956.47	4,268.18
	<u>5,956.47</u>	<u>4,268.18</u>

17 Other Income

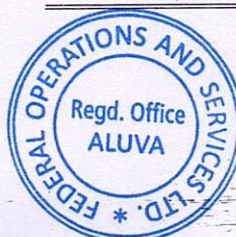
Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Interest on Fixed Deposit	23.65	18.64
Interest on Income Tax Refund	2.16	2.29
Interest on other deposits	0.36	-
Rental Income	84.23	27.18
Rental Subsidy	-	4.67
STPI Grant Received	112.57	87.43
Miscellaneous Income	5.83	1.17
	<u>228.80</u>	<u>141.38</u>

18 Employee benefits expense

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Salaries & Wages	2,352.26	1,621.21
Contribution to Provident and Other Funds	257.47	161.83
Staff Welfare Expenses	152.32	104.45
	<u>2,762.05</u>	<u>1,887.49</u>

19 Other expenses

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Insurance Expenses	0.40	0.34
Internet and Leased Line connectivity Charges	41.52	32.88
Office Expenses	54.53	49.66
Payments to Auditors (Refer Note 19.1)	5.50	3.17
Postage and Courier Expenses	489.74	320.76
Power and Fuel	80.32	70.19
Printing and Stationery Expenses	54.11	32.29
Professional and Consultancy charges	7.52	4.10
Rates and Taxes	1.49	0.51
Rent and Maintenance	322.48	210.78
Repairs and Maintenance	22.43	10.76
Service charges	1,072.43	839.99
Sitting Fees to Directors	1.80	1.20
Software maintenance	16.50	11.33
Telephone Expenses	200.40	128.46
Transportation Expenses	235.00	158.42
Miscellaneous expenses	7.89	1.38
	<u>2,614.06</u>	<u>1,876.22</u>



FEDERAL OPERATIONS AND SERVICES LIMITED
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS
 (All amounts are in lakhs of Indian Rupees, unless otherwise stated)

19.1 Payments in respect of Auditor's Remuneration

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
a. Statutory Audit fees (excluding GST)	2.50	1.25
b. Other services (excluding GST)	3.00	1.92
	<u>5.50</u>	<u>3.17</u>

20 Earnings per equity share

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Profit/(Loss) for the year	477.67	345.48
Weighted Average Number of Equity Shares of Rs. 10/- each (fully paid-up)	5,000,000	5,000,000
Earnings Per Share (Basic/Diluted)	<u>9.55</u>	<u>6.91</u>



FEDERAL OPERATIONS AND SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

21 Contingent Liabilities

Particulars	As at 31st March, 2023	As at 31st March, 2022
Incremental bonus not provided for in the books of account based on the Kerala High Court Stay Order	139.69	-

22 The company has taken premises under rental arrangements, which are in the nature of cancellable operating leases. The non-cancellable operating leases which the company had till previous year have been renewed in the current year without any lock-in period and hence no disclosure is applicable.

Particulars	For the Year Ended 31st March, 2023	For the Year Ended 31st March, 2022
Lease rentals recognized during the period	21	85.91
Lease Obligations Payable:		
a) Not later than one year	-	21.00
b) Later than one year but not later than five years	-	-
c) Later than five years	-	-

23 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.

24.a 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

Nature of Relationship	Name of Party
(a) Holding Company	Federal Bank Ltd
(b) Key Managerial Personnel	
(i) Independent Director	Abhaya Prasad Hota
(ii) Director	Venkateswaran Venkatraman
(iii) Director	Ajithkumar K K
(iv) Director	Johnson K. Jose
(v) Whole Time Director	Prashant Preman
(vi) Chief Financial Officer	Rinu Jacob
(vii) Company Secretary	Anil Paiparambath

B. Details of the transactions with the above parties during the year

Particulars	Holding Company	Key Managerial Personnel (KMP)	Total
Revenue from Operations	5,956.47	-	5,956.47
	(4,265.08)	-	(4,265.08)
Service charges	1,072.43	-	1,072.43
	(839.99)	-	(839.99)
Sitting Fees	-	1.80	1.80
	-	(1.20)	(1.20)
Rental Income	84.23	-	84.23
	(27.18)	-	(27.18)
Salary and other benefits (Refer Note No.24.b)	-	20.43	20.43
	-	(32.45)	(32.45)
Rent	0.60	-	0.60
	(0.60)	-	(0.60)
Reimbursement of expenses	61.05	-	61.05
	(15.48)	-	(15.48)
Dividend Paid on Preference shares	42.50	-	42.50
	-	-	-
Interest from Fixed deposit	23.65	-	23.65
	(18.64)	-	(18.64)

24.b Remuneration for the year has been paid to Mr. Prashant Preman (Whole Time Director) only up to 29th July, 2022 and excess over Section 197 limits for the period as approved by the Board is being ratified at the ensuing general meeting. No remuneration has been paid by the company for subsequent periods as he has been appointed as an employee of the holding company with effect from 1st August, 2022, though continuing in the capacity as whole-time director for the period of two years as per original terms of appointment.



C. Balance as at 31st March, 2023

Particulars	Holding Company	Key Managerial Personnel (KMP)	Total
Sundry debtors	571.99	-	571.99
	(660.41)	-	(660.41)
Sundry creditors	-	-	-
	(83.33)	-	(83.33)
Security Deposit given	0.15	-	0.15
	(0.15)	-	(0.15)
Security Deposit received	21.07	-	21.07
	(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)
Balance with bank in Current account	631.50	-	631.50
	(320.22)	-	(320.22)
Balance with bank in Deposit accounts	489.77	-	489.77
	(468.47)	-	(468.47)

*previous year figure in the bracket.



FEDERAL OPERATIONS AND SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

25 Ageing of Trade Payable

Particulars	Outstanding for following periods from the due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others*	113.21 (93.31)	-	-	-	113.21 (93.31)
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total	113.21	-	-	-	19.90
Total - Previous Year	(93.31)	-	-	-	(93.31)

* Includes year end accruals amounting to Rs.102.30 Lakhs (Rs.72.11 Lakhs) grouped under 'less than 1 year, which are not due as on the reporting date.

26 Ageing of Trade Receivable

Particulars	Outstanding for following periods from the due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	571.99 (521.27)	-	-	-	-	571.99 (521.27)
(ii) Undisputed Trade Receivables - considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered doubtful	-	-	-	-	-	-
Total	571.99	-	-	-	-	571.99
Total - Previous Year	(521.27)	-	-	-	-	(521.27)

27 Accounting ratios

Ratio	Note	Current Year	Previous Year	Variance (in %)
Current Ratio	(a)	3.96	4.41	-10%
Debt-Equity Ratio	(b)	NA	NA	NA
Debt Service Coverage Ratio	(c)	NA	NA	NA
Return on Equity Ratio	(d)	0.26	0.31	-16%
Inventory turnover ratio	(e)	NA	NA	NA
Trade Receivables turnover ratio	(f)	10.89	9.94	9%
Trade payables turnover ratio	(g)	25.31	22.71	11%
Net capital turnover ratio	(h)	4.83	4.68	3%
Net profit ratio	(i)	0.08	0.08	-1%
Return on Capital employed	(j)	0.27	0.25	9%
Return on investment	(k)	0.05	0.06	-11%

Items included in numerator and denominator in computing the above ratios:

Ratios	Note	Numerator	Denominator
Current Ratio	(a)	Current Assets	Current Liabilities
Debt Equity Ratio	(b)	Long Term and Short Term Debts	Shareholders Equity
Debt Service Coverage Ratio	(c)	Earnings available for Debt service	Debt Service
Return on Equity (ROE)	(d)	Net profit after taxes	Average Shareholders Equity
Inventory Turnover Ratio	(e)	Cost of goods sold	Average Inventory
Trade Receivables Turnover Ratio	(f)	Net Credit Sales	Average Accounts Receivable
Trade Payables Turnover Ratio	(g)	Net Credit Purchase	Average Accounts Payable
Net Capital Turnover Ratio	(h)	Net Sales	Average Working capital
Net Profit Ratio	(i)	Net Profit	Net Sales
Return on Capital Employed	(j)	Earnings Before Interest and Tax	Total Assets (-) Current Liabilities
Return on investment	(k)	Income from investments	Average investments



FEDERAL OPERATIONS AND SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

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

29 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.

30 There are no loans or advances in the nature of loans granted to promoters, directors, KMPs and the related parties. All the transactions with the related parties, if any are current in nature.

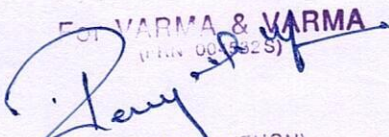
31 There are no additional regulatory information to be reported as required under MCA Notification No.G.S.R. 207(E) dated 24th March, 2021 at this stage, other than the details furnished above.

32 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."


33 Figures have been rounded off to the nearest rupee.


As per our separate report of even date attached

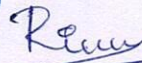
For and on behalf of the Board of Directors


Remya S Menon
(REMYA S MENON)
CHARTERED ACCOUNTANTS
Membership No. 216041




Paiparambath Anil
Company Secretary


Prashant Preman
Director
DIN: 09134084


Rinu Jacob
Chief Financial Officer


Johnson K Jose
Director
DIN: 08267398

Place : Kochi
Date : 28/04/2023