

**INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS**

To the Members of nexG DEVICES PRIVATE LIMITED

**Report on the Financial Statements**

We have audited the accompanying financial statements of nexG Devices Private Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 Dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

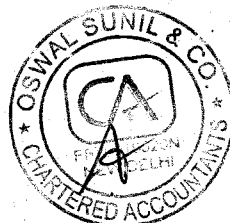
An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:


- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.



### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have 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, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 Dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **OSWAL SUNIL & COMPANY**  
Chartered Accountants  
Firm Registration No. 016520N

  
(CA. Amit Nowlakha)  
Partner  
Membership No. 513504

Place: New Delhi  
Dated: 22<sup>nd</sup> May, 2014

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1

- (a) The Company has maintained proper records showing full particulars relating to fixed assets.
- (b) All the assets have been physically verified by the management during the year. There is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) As per the records and information and explanations given to us, no substantial part of its fixed assets has been disposed off by the Company.

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- (a) The inventory has been physically verified at reasonable intervals by the Management.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

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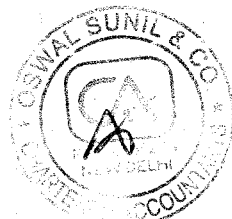
In respect of the Loans, secured or unsecured, granted or taken by the Company to/ from companies, firms or other parties covered in the register maintained u/s 301 of the companies Act 1956:

- (a) the Company granted unsecured loan to a party covered in the register maintained under section 301 of the Act. The amount involved in the transactions was Rs. 6.24 crore and year-end balance was Rs. 4.34 crore.
- (b) In our opinion, the rate of interest, if applicable, and other terms and conditions of loan given by the Company were prima facie not prejudicial to the interest of the Company; and
- (c) The aforesaid loan was repayable on demand and there was no repayment schedule.
- (d) The Company has taken interest free, unsecured loans from three parties covered in the register maintained under section 301 of the Act. The amount involved in the transactions was Rs. 9.14 crore and year-end balance Rs. 1.62 crore;
- (e) In our opinion, the terms and conditions of interest free loans taken by the Company are prima facie not prejudicial to the interest of the Company; and
- (f) The aforesaid loans are either long term and hence not yet due for repayment or repayable on demand for which there is no repayment schedule.

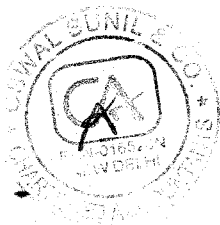
4 There is adequate internal control system commensurate with the size of Company and the nature of its business for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.

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- a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, except for transactions in respect of which the management has informed us that the transactions are of specialized nature for which comparative prices are not available, the transactions made in pursuance of contracts or arrangements entered in the register required to be maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.



- 6 The Company has not accepted any deposits from public within the meaning of section 58A and 58AA and the rules framed there under and any other relevant provisions of the Act with regard to deposits accepted from the public. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- 7 In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- 8 The Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of the products of the Company.
- 9
  - (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Income Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues to the extent applicable with the appropriate authorities and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31<sup>st</sup> March 2014.
  - (b) According to the records and information and explanations given to us, there are no dues in respect of income tax, service tax, wealth tax, sales tax, excise duty, custom duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- 10 The Company was incorporated on 15<sup>th</sup> March, 2011 and has not completed 5 years as at 31<sup>st</sup> March, 2014, hence clause no. 4(x) is not applicable to the Company.
- 11 Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
- 12 According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 The Company is not a chit fund or a nidhi /mutual benefit fund /society, therefore, the provisions of clause 4 (xiii) of the said Order are not applicable to the Company.
- 14 According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- 15 According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16 In our opinion and on the basis of information and explanations given to us, no term loan has been taken by the Company during the year.
- 17 On the basis of information and explanations given to us and on an overall examination of the financial statements of the Company, no funds raised during the year on short-term basis have been used for long-term investment.
- 18 According to the information and explanations given to us, the Company has not made any preferential allotment of shares to any parties or Companies covered in register maintained under section 301 of the Companies Act, 1956.
- 19 The Company has not issued any secured debentures.
- 20 The Company has not raised any money through a public issue during the year.



21 Based on the audit procedure performed and on the basis of information and explanations provided by the management and to the best of our knowledge and belief, no material fraud on or by the Company has been noticed or reported during the course of our audit nor we have been informed of any such case by the management.

For **OSWAL SUNIL & COMPANY**  
Chartered Accountants  
Firm Registration No. 016520N



(CA Amit Nowlakha)  
Partner  
Membership No. 513504

Place: New Delhi  
Date: 22<sup>nd</sup> May, 2014

**nexG Devices Private Limited**  
**Balance Sheet as at 31st March 2014**

(Rs.)

Particulars	Note No.	As at 31st March 2014	As at 31st March 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	49,900,000	49,900,000
Reserves and Surplus	3	(220,324,180)	(176,843,988)
<b>Non-current Liabilities</b>			
Long Term Borrowings	4	172,836,000	19,680,000
Long Term Provisions	5	55,225	625,855
<b>Current Liabilities</b>			
Short-Term Borrowings	6	33,455,136	166,208,283
Trade payables (to be read with reference to Note 21 (iii))		51,035,441	12,423,719
Other Current Liabilities	7	16,722,183	53,531,678
Short-Term Provisions	8	619	12,291
<b>Total</b>		<b>103,680,424</b>	<b>125,537,838</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets	9		
Tangible Assets		1,067,314	1,227,899
Deferred Tax Assets (net)		606,585	119,778
Long-term Loans and Advances	10	179,000	10,398,000
<b>Current Assets</b>			
Inventories	11	9,964,151	10,947,057
Trade Receivables	12	9,551,459	83,465,872
Cash and Bank Balances	13	24,660,506	5,502,838
Short-term Loans and Advances	14	51,853,612	8,184,159
Other Current Assets	15	5,797,797	5,692,235
<b>Total</b>		<b>103,680,424</b>	<b>125,537,838</b>
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Significant Accounting Policies

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Additional Information

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The notes referred to above form an integral part of the Financial Statements

As per our report of even date attached

**For Oswal Sunil & Company**

**Chartered Accountants**

**Firm Registration Number: 016520N**

*Amit Nowlakhia*  
CA **Amit Nowlakhia**  
Partner  
Membership No: 513504

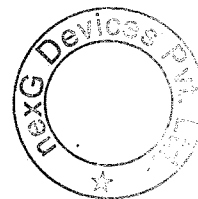
Place: New Delhi

Date: 22nd May, 2014

**For and on behalf of the Board**

*Sunil Batra*  
Sunil Batra  
Managing Director

*Surendra Lunia*  
Surendra Lunia  
Director



**nexG Devices Private Limited**  
**Statement of Profit and Loss for the year ended 31st March 2014**

(Rs.)

Particulars	Note No.	Year ended 31st March 2014	Year ended 31st March 2013
Revenue from Operations	16	278,571,716	1,277,916,862
Other Income	17	8,195,136	2,855,022
<b>Total Revenue</b>		<b>286,766,852</b>	<b>1,280,771,884</b>
<b>Expenses:</b>			
Purchases of Stock-in-Trade		263,008,431	1,195,827,199
Changes in Inventories of Stock-in-Trade		(5,003,494)	45,570,028
Employee Benefits Expense	18	16,045,332	57,194,082
Finance Cost	19	4,091,802	7,279,461
Depreciation and Amortization Expense	9	206,785	207,178
Other expenses	20	52,384,994	105,645,390
<b>Total Expenses</b>		<b>330,733,850</b>	<b>1,411,723,338</b>
<b>Profit before Extraordinary items and Tax</b>		<b>(43,966,998)</b>	<b>(130,951,454)</b>
Extraordinary Items			
Depreciation Written Back		-	(87,195)
<b>Profit before Tax</b>		<b>(43,966,998)</b>	<b>(130,864,259)</b>
Tax Expense:			
Current tax / Current Tax (MAT)		-	-
Deferred tax		(486,806)	(14,661)
<b>Profit (Loss) for the period from continuing operations</b>		<b>(43,480,192)</b>	<b>(130,849,598)</b>
<b>Profit (Loss) for the period</b>		<b>(43,480,192)</b>	<b>(130,849,598)</b>
<b>Earnings per equity share (Face Value ` 10/- each):</b>			
Basic		(9)	(13,085)
Diluted		(9)	(13,085)

Significant Accounting Policies


1

Additional Information

21

The notes referred to above form an integral part of the Financial Statements

As per our report of even date attached  
**For Oswal Sunil & Company**  
**Chartered Accountants**  
**Firm Registration Number: 016520N**

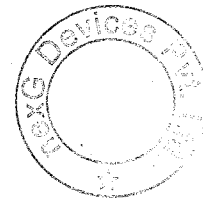
  
**CA Amit Nowlakha**  
 Partner  
 Membership No. 513504

Place: New Delhi  
 Date: 22nd May, 2014

**For and on behalf of the Board**

  
**Sunil Batra**  
 Managing Director

  
**Surendra Lunia**  
 Director



nexG Devices Private Limited  
Cash Flow Statement for the year ended 31st March 2014

(Rs.)

Particulars	Year ended 31st March 2014	Year ended 31st March 2013
<b>A Cash flows from Operating activities</b>		
Profit before tax	(43,966,998)	(130,864,259)
Adjusted for:		
Depreciation and amortisation	206,785	119,983
Interest expense	2,266,619	576,037
Interest income	(287,370)	(155,022)
<b>Operating profit before working capital changes</b>	<b>(41,780,964)</b>	<b>(130,323,261)</b>
<b>Movement in working capital</b>		
Decrease/ (increase) in Trade Receivables	73,914,413	(55,891,698)
Decrease/(Increase) in loans and advances	(33,450,453)	19,433,460
Decrease/(Increase) in other current assets	(105,562)	(5,608,196)
Decrease/(increase) in inventories	982,906	39,583,628
Increase/ (decrease) in current liabilities and provisions	1,219,924	(43,994,850)
<b>Cash generated from operations</b>	<b>780,264</b>	<b>(176,800,917)</b>
Direct taxes paid (net of refunds)	-	-
<b>Net cash from operating activities</b>	<b>780,264</b>	<b>(176,800,917)</b>
<b>B Cash flows from Investing activities</b>		
Purchase of fixed assets	(46,200)	(71,428)
Proceeds from / (Investment in) Fixed Deposits (net)	1,900,000	(1,945,000)
Interest income	287,370	155,022
<b>Net cash used for investing activities</b>	<b>2,141,170</b>	<b>(1,861,406)</b>
<b>C Cash flows from Financing activities</b>		
Borrowings from holding company	16,287,671	(126,950)
Borrowings from Bank	(35,990,796)	53,285,211
Proceeds from Long Term Borrowings	153,156,000	19,680,000
Proceeds from/(Repayment of) Short Term Borrowings	(113,050,022)	38,654,322
Proceeds from issue of share capital	-	49,800,000
Interest paid	(2,266,619)	(576,037)
<b>Net cash from (used for) financing activities</b>	<b>18,136,234</b>	<b>160,716,546</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>21,057,668</b>	<b>(17,945,777)</b>
Cash and cash equivalents at the beginning of the year	2,232,838	20,178,616
<b>Cash and cash equivalents at the end of the year</b>	<b>23,290,506</b>	<b>2,232,839</b>
<b>Cash and bank balances as per Note 12 (refer note 2 below)</b>	<b>24,660,506</b>	<b>5,502,838</b>
Less: Fixed Deposit greater than three months	1,370,000	3,270,000
<b>Cash and cash equivalents in cash flow statement</b>	<b>23,290,506</b>	<b>2,232,838</b>

**Notes:-**

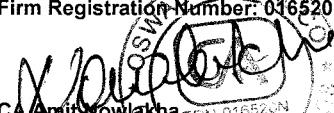
1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statement

2) Cash and bank balance includes the following, which are not available for use by the Company :

Fixed deposits pledged with banks	575,000	2,475,000
Fixed deposits pledged with sales tax authorities	795,000	795,000

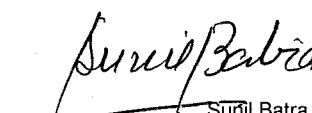
3) The Previous year's figures have been re-classified/re-grouped to conform to current year's classification


As per our report of even date attached  
For **Oswal Sunil & Company**  
Chartered Accountants  
Firm Registration Number: 016520N

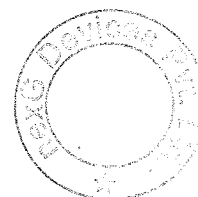
  
CA **Anil Nowlaha**  
Partner  
Membership No: 513504

Place: New Delhi  
Date: 22nd May, 2014

For and on behalf of the Board

  
**Sunil Batra**  
Managing Director

  
**Surendra Lunia**  
Director





**Note 1 : Significant Accounting Policies****a Accounting Basis and Convention :**

The financial statements have been prepared to comply with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The financial statements are presented in the general format specified in Revised Schedule VI to the Companies Act, 1956.

**b Fixed Assets :**

Fixed assets are stated at cost. Cost is inclusive of freight, duties (Net of cenvat as applicable), taxes and other directly attributable costs incurred to bring the assets to their working condition for intended use. Capital work in progress comprises the cost of fixed assets that are not yet ready for their intended use at the balance sheet date.

**c Depreciation :**

Fixed assets are depreciated on prorata basis from the date on which the assets are put to use by applying Straight line Method. The Depreciation has been charged at the rates prescribed in the Schedule XIV of the Companies Act, 1956 in the current year

**d Inventories :**

Inventories are stated at lower of cost or net realizable value. The Cost is determined using FIFO basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. Provision for obsolescence is made wherever necessary.

**e Investments :**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-Current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

**f Foreign Currency Transaction :**

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realized gains and losses on foreign exchange transactions during the year are recognized in the Statement of Profit and Loss. Foreign currency monetary assets and liabilities are translated at year-end rates and resultant gains/losses on foreign exchange translations are recognized in the Statement of Profit and Loss.

For forward contracts associated with forecasted transactions, gains or losses arising due to change in fair value of the forward contract is recognised in the Statement of Profit and Loss.

For forward contracts associated with underlying asset/ liability at the Balance Sheet date, the exchange differences are recognised in the Profit and Loss Account in reporting period in which exchange rate change. The premium or discount on such contracts arising at the inception are amortised as income or expense over the life of the contracts equally.

**g Impairment of assets:**

The carrying amount of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of net selling price and value in use.

**h Revenue Recognition :**

Revenue from sale of products is recognized when persuasive evidence of an arrangement exists, risk and reward of ownership has been transferred to the customer, the sales price is fixed or determinable and collectability is reasonably assured. Revenue from Services is recognized when respective service is rendered and accepted by the customer. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Revenues are shown net of sales tax, value added tax, service tax and applicable discounts and allowances.

Commission, brokerage etc. are recognized when the right to receive the same is established.

Insurance Claims are accounted for as and when admitted by the concerned authority.

**i Retirement Benefits :**

i) Liability for Gratuity towards employees is provided on the basis of actuarial valuation at the year end.

ii) Liability for Leave Encashment towards employees is provided on the basis of actuarial valuation at the year end.

iii) Actuarial gains/losses are immediately taken to Statement of Profit and Loss and are not deferred.

**j Taxation :**

Income tax liability is ascertained on the basis of assessable profits computed in accordance with the provisions of Income-tax. Act, 1961. Deferred tax is recognized, subject to the consideration of prudence, on timing differences (other than carried forward losses), being the difference between taxable income and accounting income that originate in one period and are capable of being reversal in one or more subsequent periods.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

**k Provisions**

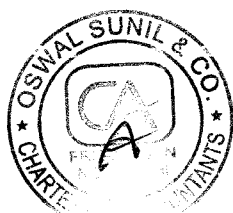
A provision is recognized when an enterprise has a present obligation as a result of a past event: it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**l Miscellaneous Expenditure :**

Preliminary Expenses are amortized over a period of five years

**m Contingent Liability:**

No provision is made for a liability which is contingent in nature but if material, the same is disclosed by way of notes to the accounts



(Rs.)

2 Share Capital	As at 31st March 2014		As at 31st March 2013	
	Number	Rs.	Number	Rs.
<b>Authorised</b>				
Equity Shares of Rs.10 each	10,000,000	100,000,000	10,000,000	100,000,000
<b>Issued</b>				
Equity Shares of Rs.10 each	4,990,000	49,900,000	4,990,000	49,900,000
<b>Subscribed &amp; Paid up</b>				
Equity Shares of Rs.10 each	4,990,000	49,900,000	4,990,000	49,900,000
<b>Total</b>	<b>4,990,000</b>	<b>49,900,000</b>	<b>4,990,000</b>	<b>49,900,000</b>

a Shares outstanding	As at 31st March 2014		As at 31st March 2013	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	4,990,000	49,900,000	10,000	100,000
Shares Issued during the year	-	-	4,980,000	49,800,000
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	4,990,000	49,900,000	4,990,000	49,900,000

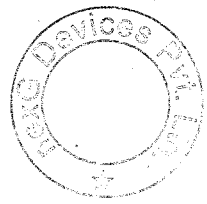
b 4,990,000 Equity Shares (Previous year: 4,990,000 Equity Shares) are held by Media Matrix Worldwide Limited, the Holding Company and its nominees

c Shareholder(s) holding more than 5% shares	As at 31st March 2014		As at 31st March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Media Matrix Worldwide Limited* (Including its nominees)	4,990,000	100.00%	4,990,000	100.00%
* 6 Shares are held by Six Individuals as nominees of Media Matrix Worldwide Limited				

3 Reserves and Surplus	As at 31st March 2014	As at 31st March 2013
	Rs.	Rs.
<b>Surplus</b>		
Opening balance	(176,843,988)	(45,994,390)
(+) Net Profit/(Loss) for the year	(43,480,192)	(130,849,598)
<b>Total</b>	<b>(220,324,180)</b>	<b>(176,843,988)</b>

4 Long Term Borrowings	As at 31st March 2014	As at 31st March 2013
	Rs.	Rs.
<b>Unsecured Debentures</b>		
0% Compulsorily Convertible Debentures (CCDs)	172,836,000	-
[The Company has issued 172,836 Zero% Compulsorily Convertible Debentures (CCDs) {134,336 issued on 30th June, 2013 & 38,500 issued on 31st March, 2014} of Face Value of Rs. 1,000/- each, compulsorily convertible into equity shares after 9 years from the date of allotment, i.e., at Book Value or Face Value of Equity Shares at the time of conversion, whichever is higher]		
<b>Unsecured</b>		
Loans and advances from related Party	-	19,680,000
(Loan of Rs. NIL (PY Rs. 19,680,000/-) from Media Matrix Holdings Pvt Ltd (formerly Digicall Holdings Pvt Ltd) is interest free and repayable within 10 years from the last date of availability).		
<b>Total</b>	<b>172,836,000</b>	<b>19,680,000</b>

5 Long Term Provisions	As at 31st March 2014	As at 31st March 2013
	Rs.	Rs.
<b>Provision for employee benefits</b>		
Gratuity (unfunded)	31,986	293,186
Leave Encashment (unfunded)	23,239	332,669
<b>Total</b>	<b>55,225</b>	<b>625,855</b>



6	Short Term Borrowings	As at 31st March 2014	As at 31st March 2013
		Rs.	Rs.
	<b>Secured</b>		
	Overdraft from Corporation Bank (Secured against Fixed Deposit pledged by Holding Company)	17,294,415	53,285,211
	<b>Unsecured</b>		
	Loans and advances from related parties (includes from Holding Company Rs. 16,160,721/-; P.Y. Rs. 126,950/-)	16,160,721	71,713,050
	Loans and advances from others (Terms of Repayment : Payable on Demand)	-	41,210,022
	<b>Total</b>	<b>33,455,136</b>	<b>166,208,283</b>

7	Other Current Liabilities	As at 31st March 2014	As at 31st March 2013
		Rs.	Rs.
	<b>Other Payables</b>		
	For Expenses	11,435,653	29,861,230
	For Statutory Liability	1,221,597	5,403,604
	Advances from Customers	4,064,933	18,266,844
	<b>Total</b>	<b>16,722,183</b>	<b>53,531,678</b>

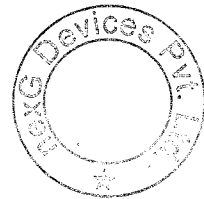
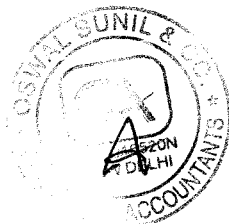
8	Short Term Provisions	As at 31st March 2014	As at 31st March 2013
		Rs.	Rs.
	<b>Provision for employee benefits</b>		
	Gratuity (unfunded)	78	1,039
	Leave Encashment (unfunded)	541	11,252
	<b>Total</b>	<b>619</b>	<b>12,291</b>

10	Long Term Loans and Advances	As at 31st March 2014	As at 31st March 2013
		Rs.	Rs.
	<b>Security Deposits</b>		
	Unsecured, considered good	179,000	10,398,000
	<b>Total</b>	<b>179,000</b>	<b>10,398,000</b>

11	Inventories*	As at 31st March 2014	As at 31st March 2013
		Rs.	Rs.
	Stock-in-trade (Valuation as per Note No 1(d))	9,964,151	4,960,657
	Stock In Transit	-	5,986,400
	<b>Total</b>	<b>9,964,151</b>	<b>10,947,057</b>

\*as taken, valued and certified by the Management

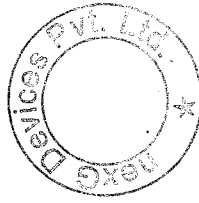
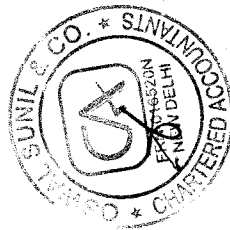
12	Trade Receivables (Unsecured)	As at 31st March 2014	As at 31st March 2013
		Rs.	Rs.
a	<b>Trade Receivables outstanding for a period less than six months</b> Considered Good	2,008,157	80,440,732
b	<b>Trade Receivables outstanding for a period more than six months</b>		
	Considered Good	7,543,302	3,025,140
	Considered Doubtful	2,757,366	-
		10,300,668	3,025,140
	Less: Provision for Doubtful Receivable	2,757,366	-
		7,543,302	3,025,140
	<b>Total</b>	<b>9,551,459</b>	<b>83,465,872</b>



nexG Devices Private Limited  
Notes on Financial Statements

Fixed Assets		Gross Block			Depreciation			Net Block	
		As at 1st April 2013	As at 31st March 2014	As at 1st April 2013	For the year	Adjustment due to write back	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014
		(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
A	Tangible Assets								
	Office Equipment	331,865	331,865	19,405	15,764	-	35,169	312,460	296,696
	Others (Computers)	1,171,784	1,217,984	256,345	191,021	-	447,366	915,439	770,618
	<b>Total</b>	<b>1,503,649</b>	<b>1,549,849</b>	<b>275,750</b>	<b>206,785</b>	<b>-</b>	<b>482,535</b>	<b>1,227,899</b>	<b>1,067,314</b>

\* Refer Note 21 (xii)



13	Cash and Bank Balances	As at 31st March 2014		As at 31st March 2013	
		Rs.	Rs.	Rs.	Rs.
a	Cash on hand		22,155		7,603
b	Balances with banks				
	- Balances in short term accounts	19,768,351		2,225,235	
	- Fixed Deposit with less than 12 months maturity	3,500,000		-	
	- Fixed Deposit with more than 12 months maturity*	1,370,000		3,270,000	
	*Pledged as security with Bank and Commercial Tax Authorities		24,638,351		5,495,235
	<b>Total</b>		<b>24,660,506</b>		<b>5,502,838</b>

14	Short-term Loans and Advances (Unsecured, considered good)	As at 31st March 2014		As at 31st March 2013	
		Rs.	Rs.	Rs.	Rs.
a	Loans and advances to others		43,416,761		-
			43,416,761		-
b	Others				
	Advances to Employees		100,000		478,690
	TDS Recoverable		181,699		365,293
	VAT Recoverable		1,048,936		990,386
	Service Tax Recoverable		6,497,781		5,498,036
	Advances to Vendors		282,595		334,575
	Prepaid Expenses		325,840		517,179
			8,436,851		8,184,159
	<b>Total</b>		<b>51,853,612</b>		<b>8,184,159</b>

Short-term Loans and Advances to Others	As at 31st March 2014		As at 31st March 2013	
	Rs.	Rs.	Rs.	Rs.
Private Company in which director is member or Director*		43,416,761		-
<b>Total</b>		<b>43,416,761</b>		<b>-</b>

\*Either severally or jointly

15	Other Current Assets (Unsecured, Considered good)	As at 31st March 2014		As at 31st March 2013	
		Rs.	Rs.	Rs.	Rs.
	Interest accrued on Fixed Deposit		311,689		200,972
	Insurance Claim Recoverable		5,475,800		5,475,800
	Preliminary Expenses to the extent not Written off		10,308		15,463
	<b>Total</b>		<b>5,797,797</b>		<b>5,692,235</b>

16	Revenue from Operations	Year ended 31st March 2014		Year ended 31st March 2013	
		Rs.	Rs.	Rs.	Rs.
	Sale of products		278,571,716		1,277,087,852
	Sale of services		-		829,010
	<b>Total</b>		<b>278,571,716</b>		<b>1,277,916,862</b>

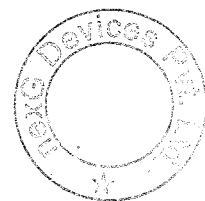
17	Other Income	Year ended 31st March 2014		Year ended 31st March 2013	
		Rs.	Rs.	Rs.	Rs.
	Interest Income (TDS Rs. 22371/-, Pr. Yr. Rs. 11251/-)		272,954		155,022
	Miscellaneous Income		14,502		-
	Excess Provision Written back		7,613,599		2,700,000
	Balances Written Off/Back (net)		294,081		-
	<b>Total</b>		<b>8,195,136</b>		<b>2,855,022</b>



18	Employee Benefits Expense	Year ended 31st March 2014	Year ended 31st March 2013
		Rs.	Rs.
	Salaries and incentives	16,039,842	55,212,427
	Contributions to -		
	- Provident Fund	255,065	1,741,829
	- Gratuity Fund	(262,161)	(84,187)
	Staff Welfare Expenses	12,586	324,013
	<b>Total</b>	<b>16,045,332</b>	<b>57,194,082</b>

19	Finance Cost	Year ended 31st March 2014	Year ended 31st March 2013
		Rs.	Rs.
	Interest Expenses on - Borrowings	3,307,476	2,526,037
	Other Finance Cost	769,784	2,520,777
	Bank Charges	14,542	2,232,647
	<b>Total</b>	<b>4,091,802</b>	<b>7,279,461</b>

20	Other Expenses	Year ended 31st March 2014	Year ended 31st March 2013
		Rs.	Rs.
	<b>General &amp; Administration Expenses</b>		
	Electricity Charges	1,110,201	25,007
	Communication Expenses	182,270	1,798,900
	Printing and Stationery	45,824	107,639
	Rates & Taxes	396,250	415,718
	Service, Spares & Consumables	257,330	4,327,343
	Rent	9,574,446	2,511,344
	Insurance Expenses	333,724	571,734
	Cost of Samples Consumed	-	512,002
	Tooling Expenses	-	3,891,500
	Travel and Conveyance	801,991	10,574,806
	Repair & Maintenance	12,476	431,157
	Loss of Stock by Fire	-	422,806
	Legal & Professional Charges	5,520,321	2,272,028
	Audit Fees	75,000	85,000
	Miscellaneous Expenses	2,330	1,510
	Preliminary Expenses written off	5,155	5,155
	<b>Selling &amp; Distribution Expenses</b>		
	Schemes on Sale of Products	933,207	50,255,701
	Warehouse Admin Expenses	-	1,500,000
	Freight, Cartage & Octroi	1,332,043	9,158,276
	C & F Expenses	-	2,020,948
	Advertisement, Publicity & Sales Promotion	279,634	8,775,357
	Logistic Charges	-	3,000,000
	CRM Expenses	-	735,000
	Other Selling Expenses	563,558	2,246,459
	Provision for Doubtful Receivables and Bad Debts	2,757,366	-
	Bad Debts Written Off	28,201,868	-
	<b>Total</b>	<b>52,384,994</b>	<b>105,645,390</b>



**Note 21 : Additional Information**

(i) Payment to the Auditors	Year ended 31st March 2014	Year ended 31st March 2013
	Rs.	Rs.
a. As auditor	75,000	85,000
b. Other Certification	19,000	52,000
<b>Total</b>	<b>94,000</b>	<b>137,000</b>

(ii) Details of Sales and Purchase under broad heads

Particulars	Sales for the Year Ended 31st March 2014	Purchase for the Year Ended 31st March 2014	Sales for the Year ended 31st March 2013	Purchase for the Year ended 31st March 2013
	Rs.	Rs.	Rs.	Rs.
<b>Traded Goods</b>				
Mobile Handsets, Dongles & Tablets	278,571,716	263,008,431	1,277,068,366	1,195,827,199
SIM & Datacards	-	-	19,486	-
Commission on Sales	-	-	829,010	-
<b>Total</b>	<b>278,571,716</b>	<b>263,008,431</b>	<b>1,277,916,862</b>	<b>1,195,827,199</b>

(iii) The Company has no amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at 31st March 2014. The disclosure pursuant to the said Act is as under:

Particulars	As at 31st March 2014	As at 31st March 2013
	Rs.	Rs.
Principal amount due to suppliers under MSMED Act, 2006	-	-
Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	-	-
Payment made to suppliers (other than interest) beyond the appointed day during the Period	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable towards suppliers under MSMED Act for payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-

Note: The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

(iv) Major components of Deferred Tax Assets and Deferred Tax Liabilities:

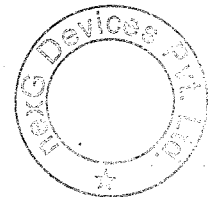
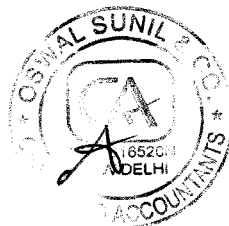
Particulars	As at 31st March 2014	As at 31st March 2013
	Rs.	Rs.
<b>Deferred Tax Assets</b>		
Accrued employee costs	17,256	19,440
Provision for Doubtful Debts	852,026	-
Depreciation	-	100,338
	<b>869,282</b>	<b>119,778</b>
<b>Deferred Tax Liabilities</b>		
Depreciation	262,698	-
	<b>262,698</b>	<b>-</b>
<b>Net Deferred Tax Assets/( Liabilities)</b>	<b>606,584</b>	<b>119,778</b>

Note: For the purpose of DTA/ DTL Calculation brought forward losses are not considered.

(v) Basic and diluted Earnings Per Share [EPS]

Particulars	As at 31st March 2014	As at 31st March 2013
	Rs.	Rs.
<b>Basic</b>		
Profit/ (Loss) after tax as per accounts (Rs.)	(43,480,192)	(130,849,598)
Weighted average number of shares outstanding	4,990,000	2,506,822
Basic EPS (Rs.)	(9)	(52)
<b>Diluted</b>		
Profit/ (Loss) after tax as per accounts (Rs.)	(43,480,192)	(130,849,598)
Weighted average number of shares outstanding	4,990,000	2,506,822
Weighted average number of shares outstanding for diluted EPS	4,990,000	2,506,822
Diluted EPS (Rs.)	(9)	(52)
Face value per share (Rs.)	10	10

Note: Effect of 0% Compulsorily Convertible Debentures (CCDs) on the Earnings Per Share are anti-dilutive and hence, the same are not considered for the purpose of calculation of diluted Earnings per Share.



(vi) Contingent Liabilities and Commitments (to the extent not provided for)	As at 31st March 2014	As at 31st March 2013
	Rs.	Rs.
Contingent Liabilities		
Bank Guarantees	575,000	40,475,000
<b>Total</b>	<b>575,000</b>	<b>40,475,000</b>

(vii) In the opinion of the Board, Current Assets and Loans and Advances have a realisable value in the ordinary course of business which is not different from the amount at which it is stated

(viii) **Employee Benefits**

The Company has adopted Accounting Standard 15 (Revised) "Employees Benefits" prescribed by the Companies (Accounting Standard) Rules, 2006. During the year, Company has recognized the following amounts in the financial statements

Particulars	Rs.	Rs.
Employer's Contribution to Provident Fund*	255,065	1,741,829

\* Included in Employer's Contribution to Provident Fund

**Defined Benefits Plans**

The Present value of Obligation is determined based on actuarial valuation using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity

**Actuarial assumptions**

Particular	Gratuity	Leave Encashment
Discount Rate (per annum)	8.75%	8.75%
Rate of increase in compensation levels	5.00%	5.00%

**Table Showing changes in present value of obligations**

Particular	Gratuity as at 31st March 2014	Leave Encashment as at 31st March 2014	Gratuity as at 31st March 2013	Leave Encashment as at 31st March 2013
	Rs.	Rs.	Rs.	Rs.
Present Value of obligation as at the beginning of the period	294,225	343,921	382,739	192,495
Present Value of obligation as at the end of the period	32,064	23,780	294,225	343,921

**Amounts to be recognized in Balance sheet**

Particular	Gratuity as at 31st March 2014	Leave Encashment as at 31st March 2014	Gratuity as at 31st March 2013	Leave Encashment as at 31st March 2013
	Rs.	Rs.	Rs.	Rs.
Present Value of obligation as at the end of the period	32,064	23,780	294,225	343,921
Fair value of plan assets as at the end of the period	-	-	-	-
Net asset/ (liability) recognised in Balance Sheet	32,064	23,780	294,225	343,921
Funded Status	-	-	-	-

**Expenses to be recognized in Statement of Profit & Loss**

Particular	Gratuity as at 31st March 2014	Leave Encashment as at 31st March 2014	Gratuity as at 31st March 2013	Leave Encashment as at 31st March 2013
	Rs.	Rs.	Rs.	Rs.
Interest Cost	26,480	30,953	31,489	15,837
Current Service Cost	15,481	11,002	220,658	256,828
Expected return on plan Asset	-	-	-	-
Net Actuarial (gain)/ loss recognized in the period	(304,122)	(8,851)	(336,334)	905,075
Expenses to be recognized in the statement of profit and loss	(262,161)	33,104	(84,187)	1,177,740

**Current and Non-Current Liability:**

	Current Liability	Non Current Liability	Total Liability
Gratuity	78	31,986	32,064
Leave Encashment	541	23,239	23,780

(ix) **Related Party Disclosures**

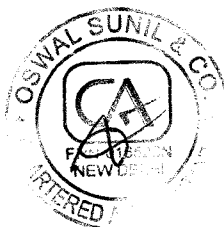
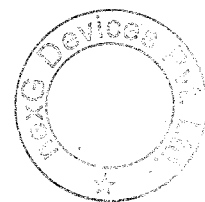
( Related Parties are identified by the Management and relied upon by the Auditors)

**Related Parties where Control exists**

Digivision Holdings Private Limited (Ultimate holding company)  
Media Matrix Worldwide Limited (Immediate holding company)

**Fellow Subsidiaries**

Digicall Teleservices Private Limited  
Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited)  
Digivive Services Private limited  
Digivision wireless Private Limited  
Digicall Global Services Private Limited  
Eminent Networks Private Limited (ceased w.e.f. 9th October, 2013)





**Significant Influence**  
Intouch infotech Services Pvt Ltd

**Key Management Personnel**  
Mr. Sunil Batra (Managing Director)

Related parties and transactions with them are given below :

Name of the Party	Nature of Transaction	Volume of Transactions (2013-14) Rs.	Volume of Transactions (2012-13) Rs.	Receivable/ (Payable) as on 31.03.2014 Rs.	Receivable/ (Payable) as on 31.03.2013 Rs.
<b>Holding Company</b>					
Media Matrix Worldwide Limited	0% CCDs Issued	(172,836,000)	-	(16,160,721)	(64,213,050)
	Purchases	(5,146,000)	(165,954,626)		
	Shares Issued	-	49,800,000		
	Finance Charges (net of TDS)	(440,065)	-		
	Debit Note raised on us (Expenses)	(3,023,906)	(7,506,635)		
	Loan Taken	(7,300,292)	(266,554,855)		
	Pmt recd agt CCDs	172,836,000	-		
	Credit Note	-	14,299,145		
	Payment made agt Purchase	5,146,000	-		
	Loan Repaid	58,816,592	376,043,921		
<b>Fellow Subsidiary</b>					
Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited)	Loan Taken	(13,600,000)	(24,300,000)	-	(19,680,000)
	Loan Repaid	33,280,000	4,620,000		
Digicall Teleservices Private Limited	Loan Recd	(40,000,000)	(104,500,001)	(8,825,959)	(840,619)
	Amount Paid	52,500,000	94,523,803		
	Debit Note raised on us (Expenses)	(21,325,959)	(1,523,802)		
	Services Taken	-	(1,155,070)		
	Goods Sold	-	314,451		
	Payment Made	840,619	-		
<b>Enterprise over which key management personnel exercise significant influence</b>					
Intouch infotech Services Pvt Ltd	Loan Taken	-	(7,500,000)	-	(7,680,000)
	Loan Repaid	7,500,000	-		
	Payment Made	990,000	-		
	Finance Charges (net of TDS)	-	(180,000)		
	Professional Fee (net of TDS)	(810,000)	-		

Note: Related parties are disclosed with whom transactions have been carried out during the year.

(x) **Business Segment:**

The Company is engaged in trading of Mobiles & Computer Peripherals and allied business. Taking in to account the resembling nature of product mix, identical risks & returns and the internal financial reporting system, the business activities of the company have been considered and reported as a single business segment. Also, No contribution of export vis-à-vis inland sales of the Company does not call for a reporting on geographical segments. Accordingly, no segment reporting is considered necessary as per accounting standard-17 'Segment Reporting' as prescribed by the Companies (Accounting Standards) Rules, 2006

(xi) As at the year end, the accumulated losses exceed the paid up share capital and the net worth of the Company has been completely eroded. However, the management is confident of generating cash flows from business operations and is in process of taking all efforts including infusion of fresh funds.

(xii) During previous year, the Company has changed Depreciation Rates on Fixed Assets which were hitherto not as per rates prescribed under Schedule XIV of the Companies Act. Excess depreciation charged in earlier years amounting to Rs. 87195/- has been written back during the year. It has resulted in loss for the year as per Statement of Profit and Loss having been reduced by Rs. 87195/-.

(xiii) A charge has been created in favour of a bank, who has sanctioned Bank Guarantee limit to the Company, by way of hypothecation of all present and future movable assets including inventories, book debts and all other current assets of the Company.

(xiv) The Company was incorporated on 15th March'2011 with the main object to carry on the business of Trading and other related business services.

(xv) Previous year figures are regrouped or rearranged, wherever necessary

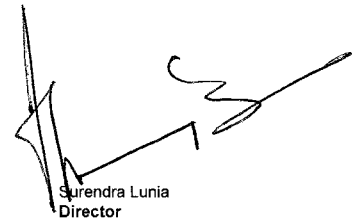
As per our report of even date attached  
For Oswal Sunil & Company  
Chartered Accountants  
Firm Registration Number: 016520N

  
Anil Kowalkha  
Partner  
Membership No. 813504

Place: New Delhi  
Date: 22nd May, 2014

For and on behalf of the Board

  
Sunil Batra  
Managing Director

  
Surendra Lunia  
Director

