

**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 March 31, 2017, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with 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 internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements


1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 purpose 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
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with 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 except the cases as mentioned in Note No.- 22(i);
 - 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. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016. These are in accordance with the books of account maintained by the Company.

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




(**CA Amit Nowlakha**)
Partner
Membership No. 0513504

Place: New Delhi
Date: 22.05.2017

'ANNEXURE A' 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, including quantitative details and situation of fixed assets;
(b) According to information and explanations given to us, all the assets have been physically verified by the management during the year under the regular program 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no immovable properties, the title deeds of which are required to be held in the name of the Company as per paragraph 3(i)(c) of the said Order.
- 2) As explained to us, physical verification of inventory was conducted at reasonable intervals by the management. No material discrepancies were noticed on such verification.
- 3) (a) The Company has granted unsecured loan to a company covered in the register maintained under section 189 of the Companies Act, 2013.
(b) In our opinion and considering the explanation given to us, receipt of the principal amount and interest is/was regular; and
(c) The aforesaid loan was repayable on demand and there is no repayment schedule.
- 4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013, with respect to the loans and investments, etc., as provided in paragraph 3 (iv) of the Order.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the Central Government has not prescribed maintenance of cost records under Section 148(1) of the Companies Act, 2013 in respect of the products of the Company.
- 7) a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities.
b) According to the information and explanations given to us, disputed statutory dues outstanding over six months as at 31-03-2017 aggregating to **Rs. 7,72,923/-** (Net of advance) that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Sales Tax – West Bengal	Sales Tax	2,15,679	F.Y 14-15	Commissioner (Appeal)
Sales Tax- Telangana	Sales Tax	5,57,244	F.Y 12-13	Commissioner (Appeal)
	Total	7,72,923		



- c) According to the information and explanations given to us, there are no dues in respect of, Sales Tax/Vat, Income Tax, Wealth Tax, Service Tax, Custom Duty and Cess as at 31st March, 2017, which have not been deposited with the appropriate authorities on account of any dispute.
- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to banks. No repayments were due in case of debentures issued by the Company. The Company has not taken any loan from financial institutions or from the government.
- 9) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, paragraph 3 (ix) of the Order is not applicable
- 10) According to the information and explanation given to us and based on our examination, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- 11) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid any managerial remuneration during the year. Therefore, the provisions of paragraph 3 (xi) of the Order are not applicable to the Company.
- 12) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of paragraph 3 (xii) of the Order are not applicable to the Company.
- 13) According to the information and explanations given to us and based on our examination of the records of the Company, in our opinion, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) The Company has made private placement of equity shares during the year and according to the information and explanations give to us and based on our examination of the records of the Company, the requirement of section 42 of the companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised.
- 15) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- 16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of paragraph 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

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



(CA Amit Nowlakha)
Partner
Membership No. 0513504

Place: New Delhi
Date: 22.05.2017

'ANNEXURE B' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **NexG Devices Private Limited** ('the Company') as of 31st March, 2017 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 Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only



in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company 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 on 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **OSWAL SUNIL & COMPANY**
Chartered Accountants

Firm Registration No. 016520N



(CA Amit Nowlakha)

Partner

Membership No. 0513504

Place: New Delhi
Date : 22.05.2017

NexG Devices Private Limited
Balance Sheet as at 31st March 2017

(Rs.)

Particulars	Note No.	As at 31st March 2017	As at 31st March 2016
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	978,00,000	499,00,000
Reserves and Surplus	3	(2291,70,820)	(2355,47,693)
Non-current Liabilities			
Long Term Borrowings	4	1742,27,257	1958,36,000
Long Term Provisions	5	4,116	-
Deferred Tax Liabilities (net)		1,98,377	(10,18,017)
Current Liabilities			
Short-Term Borrowings	6	2300,06,489	113,50,000
Trade payables		-	-
'-Due from Micro Small and Medium Enterprises		-	-
'-Due from others		2497,47,403	11,16,505
Other Current Liabilities	7	177,20,685	101,50,619
Short-Term Provisions	8	12,51,006	-
Total		5417,84,514	317,87,414
ASSETS			
Non-current Assets			
Fixed Assets	9		
Tangible Assets		66,77,023	2,91,473
Long-term Loans and Advances	10	3,61,500	2,11,500
Other Non Current Assets	11	13,91,374	20,44,201
Current Assets			
Current Investment	12	500,00,000	-
Inventories	13	2312,40,391	2,00,293
Trade Receivables	14	2123,29,105	127,13,747
Cash and Cash Equivalents	15	264,69,585	44,34,779
Short-term Loans and Advances	16	133,15,536	118,91,421
Total		5417,84,514	317,87,414

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

CA Amit Nowlakha

Partner

Membership No: 513504



For and on behalf of the Board

Sunil Batra

Sunil Batra
Managing Director

DIN No. 02188254

Sandeep Jairath

Sandeep Jairath
Director

DIN No. 05300460

Place: New Delhi

Date: 22.05.2017



NexG Devices Private Limited
Cash Flow Statement for the year ended 31st March 2017

(Rs.)

	Particulars	Year ended 31st March 2017	Year ended 31st March 2016
A	Cash flows from Operating activities		
	Profit before tax	76,29,703	(76,44,438)
	Adjusted for:		
	Depreciation and amortisation	3,17,019	1,84,362
	Interest expense	163,00,368	15,40,678
	Interest income	-	-
	Loss/(profit) on sale of fixed assets, net	-	(17,900)
	Fixed Assets written off	18,865	8,660
	Debts/advances written off	24,64,972	-
	Provision for doubtful debts	(25,64,972)	4,51,788
	Provision for doubtful advances	-	1,63,000
	Balances Written off/back (net)	71,277	10,33,201
	Provisions for staff benefits	-	-
	Operating profit before working capital changes	242,37,232	(42,80,649)
	Movement in working capital		
	Decrease/ (increase) in Trade Receivables	(1995,15,358)	(128,56,850)
	Decrease/ (increase) in Trade Payables	2485,59,622	-
	Decrease/(Increase) in loans and advances	2186,56,489	87,81,794
	Decrease/(Increase) in other current assets	(2,09,557)	5,153
	Decrease/(increase) in inventories	(2310,40,099)	15,43,057
	Increase/ (decrease) in current liabilities and provisions	88,25,188	(14,34,833)
	Decrease/(Increase) in other non current assets	-	(2,46,297)
	Cash generated from operations	695,13,517	(84,88,625)
	Direct taxes paid (net of refunds)	(12,50,994)	(12,242)
	Net cash from operating activities	682,62,523	(85,00,867)
B	Cash flows from Investing activities		
	Purchase of fixed assets	(67,25,724)	(54,075)
	Proceeds from / (Investment in) Fixed Deposits (net)	6,52,827	-
	Proceeds from sale of fixed assets	4,290	25,060
	Used for Long term loans and advances	(1,50,000)	-
	Purchase of investments in mutual funds	(500,00,000)	-
	Sale of investments in mutual funds	-	-
	Proceeds from sale of investment in mutual funds	-	-
	Interest income	-	-
	Net cash used for investing activities	(562,18,607)	(29,015)
C	Cash flows from Financing activities		
	Borrowings from / (Repayment to) Bank	(216,08,743)	(205,85,900)
	Proceeds from issue/(Redemption) of OFCD's	-	230,00,000
	Proceeds from issue of share capital	479,00,000	-
	Proceeds from / (Repayment) of Borrowings from Others	-	113,50,000
	Interest paid	(163,00,368)	(15,10,382)
	Net cash from (used for) financing activities	99,90,889	122,53,718
	Net increase in cash and cash equivalents (A+B+C)	220,34,805	37,23,836
	Cash and cash equivalents at the beginning of the year	44,34,779	7,10,943
	Cash and cash equivalents at the end of the year	264,69,584	44,34,779
	Cash and bank balances as per Note 15 (refer note 2 below)	264,69,585	44,34,779
	Cash and cash equivalents in cash flow statement	264,69,585	44,34,779

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 not includes the following, which are not available for use by the Company :

Fixed deposits pledged with banks	254,69,222	6,75,000
Fixed deposits pledged with sales tax authorities	10,67,918	7,95,000
	<u>265,37,140</u>	<u>14,70,000</u>

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 **Amit Nowakha**
Partner
Membership No: 513504

Place: New Delhi
Date: 22.05.2017



For and on behalf of the Board

Sunil Babre
Sunil Babre
Managing Director
DIN No. 02188254

Sandeep Jaiswal
Sandeep Jaiswal
Director
DIN No. 05300460



NexG Devices Private Limited
Statement of Profit and Loss for the year ended 31st March 2017

		(Rs.)	
Particulars	Note No.	Year ended 31st March 2017	Year ended 31st March 2016
Revenue from Operations	17	11747,52,031	349,84,493
Other Income	18	18,35,209	12,09,641
Total Revenue		11765,87,240	361,94,134
Expenses			
Purchases of Stock-in-Trade		13484,91,430	310,79,575
Changes in Inventories of Stock-in-Trade		(2310,40,099)	15,43,054
Employee Benefits Expense	19	5,94,016	23,28,951
Finance Cost	20	183,44,198	16,13,834
Depreciation and Amortization Expense	9	3,17,019	1,84,362
Other expenses	21	322,50,971	70,88,796
Total Expenses		11689,57,537	438,38,572
Profit/ (Loss) before Exceptional and Extraordinary items and Tax		76,29,703	(76,44,438)
Profit/ (Loss) before Extraordinary items and Tax		76,29,703	(76,44,438)
Extraordinary Items		-	-
Profit/ (Loss) before Tax		76,29,703	(76,44,438)
Tax Expense:			
Current tax / Current Tax (MAT)		12,50,994	-
Deferred tax		12,16,394	(1,33,860)
Less: MAT credit entitlement		(12,14,557)	-
Profit/ (Loss) for the period		63,76,872	(75,10,578)
Earnings per equity share (Face Value * 10/- each):			
Basic		1.01	(1.51)
Diluted		1.01	(1.51)

Significant Accounting Policies

Additional Information

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

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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: 22.05.2017



For and on behalf of the Board

Sunil Batra

Managing Director

DIN No. 02188254

Sandeep Jaisrath

Director

DIN No. 05300460



Note 1 : Significant Accounting Policies

a Accounting Basis and Convention :

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards referred to in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

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 :

Depreciation is provided on Straight Line Method as prescribed in Schedule II to the Companies Act, 2013. On mobile phones, depreciation is being provided @50% on Straight Line Method.

Depreciation on additions/deletions to fixed assets is provided prorata from the date of addition/till the date of deletion.

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 2017		As at 31st March 2016	
		Number	Rs.	Number	Rs.
	Authorised				
	Equity Shares of Rs.10 each	100,00,000	1000,00,000	100,00,000	1000,00,000
	Issued				
	Equity Shares of Rs.10 each	97,80,000	978,00,000	49,90,000	499,00,000
	Subscribed & Paid up				
	Equity Shares of Rs.10 each	97,80,000	978,00,000	49,90,000	499,00,000
	Total	97,80,000	978,00,000	49,90,000	499,00,000

a	Shares outstanding	As at 31st March 2017		As at 31st March 2016	
		Number	Rs.	Number	Rs.
	Shares outstanding at the beginning of the year	49,90,000	499,00,000	49,90,000	499,00,000
	Shares Issued during the year	47,90,000	479,00,000	-	-
	Shares bought back during the year	-	-	-	-
	Shares outstanding at the end of the year	97,80,000	978,00,000	49,90,000	499,00,000

b 4,990,000 (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 2017		As at 31st March 2016	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
	Media Matrix Worldwide Limited* (Including its nominees)	49,90,000	51.02%	49,90,000	100.00%
	Infotel Business Solutions Limited	47,90,000	48.98%	-	-
	Total	97,80,000	100.00%	49,90,000	100.00%

* 5 Shares are held by five individuals (jointly with Media Matrix Worldwide Limited) as nominees of Holding Company

3	Reserves and Surplus	As at 31st March 2017	As at 31st March 2016
		Rs.	Rs.
	Surplus		
	Opening balance	(2355,47,693)	(2280,37,115)
	(+) Net Profit/(Loss) for the year	63,76,872	(75,10,578)
	Total	(2291,70,820)	(2355,47,693)

4	Long Term Borrowings	As at 31st March 2017	As at 31st March 2016
		Rs.	Rs.
	Unsecured Debentures		
	0% Compulsorily Convertible Debentures (CCDs)	1728,36,000	1728,36,000
	[The Company has issued 1,72,836 Zero% Compulsorily Convertible Debentures (CCDs) {1,34,336 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, at Book Value or Face Value of Equity Shares at the time of conversion, whichever is higher]		
	0% Optionally Fully Convertible Debentures (ZOFCDs)	-	230,00,000
	[The Company has issued 2,30,000 Zero% Optionally Fully Convertible Debentures (ZOFCDs) on 21st October, 2015 of Face Value of Rs. 100/- each, optionally convertible into equity shares at any time after completion of 10 years from the date of allotment till the expiry of 15 years from the said date, at fair value not lower than the Face Value as arrived at on the time of conversion]		
	Secured Loan		
	Car Loan from bank	17,90,000	-
	Less: Current maturity of long term borrowings (refer Note 7)	3,98,743	-
	(Terms of Repayment: Amount is repayable in monthly installments and loan will be fully squard off in May'2020).	13,91,257	-
	(Secured by way of hypothecation of respective Vehicle)		
	Total	1742,27,257	1958,36,000



5	Long Term Provisions	As at 31st March 2017	As at 31st March 2016
		Rs.	Rs.
	Provision for employee benefits		
	Gratuity (Unfunded)	4,116	-
	Total	4,116	-
6	Short Term Borrowings	As at 31st March 2017	As at 31st March 2016
		Rs.	Rs.
	Secured Loan		
	Overdraft from Kotak Mahindra Bank (Secured against Pledge of Mutual Funds)	446,16,489	-
	Unsecured Loan - Repayable on Demand		
	Loans and advances from others (Loan amounting to Rs. 18,53,90,000/- (Previous year Rs. 75,00,000/-) carries interest @ 15%, Payable on demand. Loan amounting to Rs. Nil (Previous year Rs. 38,50,000/-) carries interest @ 12%, Payable within 15 months from the date of disbursement.)	1853,90,000	113,50,000
	Total	2300,06,489	113,50,000
7	Other Current Liabilities	As at 31st March 2017	As at 31st March 2016
		Rs.	Rs.
	Other Payables		
	For Expenses	99,82,607	41,48,578
	For Fixed Assets	15,69,708	-
	For Statutory Liabilities	30,34,894	1,12,009
	Advances from Customers	18,50,876	58,90,032
	Interest accrued and due on borrowing	8,83,857	-
	Current Maturity of Long Term Borrowings (Secured) – (refer Note 4)	3,98,743	-
	Total	177,20,685	101,50,619
8	Short Term Provisions	As at 31st March 2017	As at 31st March 2016
		Rs.	Rs.
	Provision for employee benefits		
	- Gratuity (Unfunded)	12	-
	Provision for Income Tax	12,50,994	-
	Total	12,51,006	-
10	Long Term Loans and Advances	As at 31st March 2017	As at 31st March 2016
		Rs.	Rs.
	Security Deposits		
	Unsecured, considered good	3,61,500	2,11,500
	Total	3,61,500	2,11,500
11	Other Non Current Assets	As at 31st March 2017	As at 31st March 2016
		Rs.	Rs.
	In Bank Deposit Accounts with maturity of more than 12 months (Refer Note No. 15)	13,91,374	20,44,201
	Total	13,91,374	20,44,201



Note 9



12	Current Investments*	As at 31st March 2017	As at 31st March 2016
		Rs.	Rs.
	Investment in Mutual Funds (unquoted)		
	31607.5310 units of BSL Saving Fund Account - Growth	100,00,000	-
	465798.0050 units of HDFC Short Term Plan - Growth	150,00,000	-
	602754.5880 units of ICICI Prudential Mutual Fund - Growth	100,00,000	-
	667509.2120 units of Reliance Regular Saving Fund - Growth	150,00,000	-
	Total	500,00,000	-

Particular	Market Value	Book Value	Market Value	Book Value
	Rs.	Rs.	Rs.	Rs.
Aggregate amount of Investment	503,71,454	500,00,000	-	-

13	Inventories*	As at 31st March 2017	As at 31st March 2016
		Rs.	Rs.
	Stock-in-trade (Mobile Handsets)	2312,40,391	2,00,293
	Total	2312,40,391	2,00,293

*as taken, valued and certified by the Management

14	Trade Receivables (Unsecured)	As at 31st March 2017	As at 31st March 2016
		Rs.	Rs.
a	Trade Receivables outstanding for a period less than six months		
	Considered Good	2123,28,185	127,12,827
b	Trade Receivables outstanding for a period more than six months		
	Considered Good	920	920
	Considered Doubtful	6,05,454	31,70,426
		6,06,374	31,71,346
	Less: Provision for Doubtful Receivables	6,05,454	31,70,426
	Total	2123,29,105	127,13,747

15	Cash and Cash Equivalents	As at 31st March 2017		As at 31st March 2016	
		Rs.	Rs.	Rs.	Rs.
a	Cash In hand		54,705		1,010
b	Balances with banks				
	- Balances in short term accounts	8,78,023		44,33,769	
	- Fixed Deposits with less than 12 months maturity*	255,36,857		-	
	- Fixed Deposits with more than 12 months maturity	13,91,374		20,44,201	
		278,06,254		64,77,970	
	Less: Amount disclosed under other non current assets (refer note 11)	13,91,374	264,14,880	20,44,201	44,33,769
	*Including interest accrued Rs. 3,91,092/- (P. Y. Rs.5,74,201/-)				
	*Include Deposits for principal amount of Rs. 2,54,69,222/- (P.Y. Rs. 6,75,000/-) pledged as Margin Money with Bank and Rs. 10,67,918/- (P.Y. Rs. 7,95,000/-) with Commercial Tax Authorities				
	Total		264,69,585		44,34,779

16	Short-term Loans and Advances (Unsecured, considered good)	As at 31st March 2017	As at 31st March 2016
		Rs.	Rs.
	TDS Recoverable	1,00,020	12,21,258
	VAT Recoverable/Refundable	9,87,612	5,95,896
	MAT Credit Entitlement	12,14,557	
	Service Tax Recoverable	54,12,982	54,12,982
	Advances to Suppliers		
	Considered Good	44,34,987	39,41,070
	Considered Doubtful	1,63,000	1,63,000
		45,97,987	41,04,070
	Less: Provision for Doubtful Advances	1,63,000	1,63,000
		44,34,987	39,41,070
	Prepaid Expenses	11,65,377	-
	Other Advances/Recoverable	-	7,20,216
	Total	133,15,536	118,91,422



17	Revenue from Operations	Year ended 31st March 2017	Year ended 31st March 2016
		Rs.	Rs.
	Sale of Mobile Handsets	11747,52,031	349,84,493
	Total	11747,52,031	349,84,493

18	Other Income	Year ended 31st March 2017	Year ended 31st March 2016
		Rs.	Rs.
	Interest Income (TDS Rs. 1,00,020/-, P.Y.Rs. 12,242/-)	11,68,493	1,58,540
	Interest on Income Tax Refund	79,072	-
	Profit on Sale of Assets	-	17,900
	Balances Written off/back (net)	71,277	10,33,201
	Profit on Sale of Current Investment	1,22,753	-
	Misc Income	3,93,615	-
	Total	18,35,209	12,09,641

19	Employee Benefits Expense	Year ended 31st March 2017	Year ended 31st March 2016
		Rs.	Rs.
	Salaries, Allowances and Bonus, etc.	5,00,966	22,11,701
	Contributions to -		
	- Provident Fund	18,309	1,03,787
	- Gratuity Fund	4,128	-
	Staff Welfare Expenses	70,613	13,463
	Total	5,94,016	23,28,951

20	Finance Cost	Year ended 31st March 2017	Year ended 31st March 2016
		Rs.	Rs.
	Interest Expenses on		
	- Borrowings	162,93,703	15,40,678
	- Car Loan	6,665	-
	Bank Charges and Processing fee	20,43,830	73,156
	Total	183,44,198	16,13,834



Other Expenses	Year ended 31st March 2017	Year ended 31st March 2016
	Rs.	Rs.
General & Administration Expenses		
Communication Expenses	1,04,857	55,212
Printing and Stationery	4,43,586	8,119
Rates & Taxes	5,55,331	9,75,455
Rent	1,60,000	2,07,500
Insurance Expenses	4,62,094	17,231
Travel and Conveyance	5,87,086	2,10,500
Repairs & Maintenance		
- Others	28,125	2,091
Professional Charges	69,23,976	24,56,830
Audit Fees	1,05,000	1,05,000
Miscellaneous Expenses	-	9,462
Data Entry Services	1,75,000	-
Preliminary Expenses written off	-	5,153
Provision for Doubtful Advances	-	1,63,000
Fixed Assets written off	18,865	8,660
Donations	20,00,000	-
Selling & Distribution Expenses		
Schemes on Sale of Products	-	3,14,530
Freight, Cartage & Octroi	43,96,609	19,21,612
Advertisement, Publicity & Sales Promotion	102,10,976	1,21,734
Packing & Forwarding Charges	61,79,466	54,919
Provision for Doubtful Receivables	(25,64,972)	4,51,788
Bad Debts written off	24,64,972	-
Total	322,50,971	70,88,796



Note 22 : Additional Information

(i) Contingent Liabilities and Commitments (to the extent not provided for)	Year ended 31st March 2017	Year ended 31st March 2016
	Rs.	Rs.
Contingent Liabilities		
- Guarantees issued by Banks	5,00,000	6,72,746
- Letter of Credit issued by Banks*	2486,30,898	-
- Claim against the company not acknowledge as Debt	17,35,361	-
- Sales Tax Authorities	7,72,923	-
Total	2516,39,182	6,72,746

* Issued against pledge of shares and corporate guarantee given by group companies and other body corporates

- (ii) The Hon'ble Supreme Court of India vide its order dated December 17, 2014 on the judgment in case of State of Punjab vs. Nokia India Pvt. Ltd. has held that sales tax on battery charger sold along with mobile phone should be charged at sales tax rate applicable to chargers, which is higher than the sales tax rate applicable to mobile phones in few states. In the case of the Company, demand for Rs. 56,381/- (P.Y. Rs. 88,735/-) was received and paid for the Assessment Year 2013-14, under Uttar Pradesh Vat Act, 2007.
- (iii) In the opinion of the Board, Current Assets and Loans & Advances have a realisable value in the ordinary course of business which is not different from the amount at which it is stated
- (iv) The Company has no amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act]. The disclosure pursuant to the said Act is as under:

Particulars	As at 31st March 2017	As at 31st March 2016
	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.

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

Particulars	As at 31st March 2017	As at 31st March 2016
	Rs.	Rs.
Deferred Tax Assets		
Accrued Employee Cost	1,276	-
Provision for Doubtful Debtors	1,87,085	9,79,662
Provision for Doubtful Advances	50,367	50,367
	2,38,728	10,30,029
Deferred Tax Liabilities		
Depreciation on Fixed Assets	4,37,105	12,012
	4,37,105	12,012
Net Deferred Tax Assets/(Liabilities)	(1,98,377)	10,18,017

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

(vi) Disclosure on Specified Bank Notes (SBNs) :

The required disclosure for specified bank notes or other denomination note held and transacted during the period from 8th November 2016 to 30th December 2016 as required in the MCA notification G.S.R 308(E) dated 30th March 2017 is as under :

Particulars	SBNs	Other denomination notes	Total
	Rs.	Rs.	Rs.
Closing cash in hand as on 08.11.2016	-	2,510	2,510
(+) Permitted receipts	-	-	-
(+) Withdrawn from Banks	-	60,000	60,000
(-) Permitted payments	-	-	-
(-) Other Payments	-	2,000	2,000
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	60,510.00	60,510.00

* For the purpose of this clause the term "Specified Bank Notes" shall have the same meaning as provided in the notification of Government of India, in the ministry of Finance, Department of Economic Affairs number S.O 3407(E) dated 8th November 2016.



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

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Basic		
Profit/ (Loss) after tax as per accounts (Rs.)	63,76,872	(75,10,578)
Weighted average number of shares outstanding	62,89,205	49,90,000
Basic EPS (Rs.)	1.01	(1.51)
Diluted		
Profit/ (Loss) after tax as per accounts (Rs.)	63,76,872	(75,10,578)
Weighted average number of shares outstanding for diluted EPS	62,89,205	49,90,000
Diluted EPS (Rs.)	1.01	(1.51)
Face value per share (Rs.)	10.00	10.00

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.

(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*	18,309	1,03,787

* 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)	7.50%	0.00%
Rate of increase in compensation levels	6.00%	0.00%

Table Showing changes in present value of obligations

Particular	Gratuity as at 31st March 2017	Leave Encashment as at 31st March 2017	Gratuity as at 31st March 2016	Leave Encashment as at 31st March 2016
	Rs.	Rs.	Rs.	Rs.
Present Value of obligation as at the beginning of the period	-	-	1,02,796	89,339
Present Value of obligation as at the end of the period	4,128	-	-	-

Amounts to be recognized in Balance sheet

Particular	Gratuity as at 31st March 2017	Leave Encashment as at 31st March 2017	Gratuity as at 31st March 2016	Leave Encashment as at 31st March 2016
	Rs.	Rs.	Rs.	Rs.
Present Value of obligation as at the end of the period	4,128	-	-	-
Fair value of plan assets as at the end of the period	-	-	-	-
Net asset/ (liability) recognised in Balance Sheet	4,128	-	-	-
Funded Status	(4,128)	-	-	-



Expenses to be recognized in Statement of Profit & Loss

Particular	Gratuity as at 31st March 2017	Leave Encashment as at 31st March 2017	Gratuity as at 31st March 2016	Leave Encashment as at 31st March 2016
	Rs.	Rs.	Rs.	Rs.
Interest Cost	-	-	-	-
Current Service Cost	4,128	-	-	-
Expected return on plan Asset	-	-	-	-
Net Actuarial (gain)/ loss recognized in the period	-	-	-	-
Expenses to be recognized in the statement of profit and loss	4,128	-	(1,02,796)	(39,330)

Current and Non-Current Liability:

Particular	Current Liability	Non Current Liability	Total Liability
Gratuity	12	4,116	4,128
Leave Encashment	-	-	-

(ix) Business Segment:

The Company is engaged in business of trading in mobile devices & accessories. There are no reportable business segments taking into account all the factors, viz., the nature of products and services, identical risks and returns, the organisation structure and the internal financial reporting system. Further, the business is carried out in India and hence, there are no reportable geographical segments. Accordingly, the segment reporting disclosure as envisaged in Accounting Standard (AS)-17 on 'Segment Reporting' is not considered necessary and applicable to the Company.

(x) Related Party Disclosures

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

Related Parties where Control exists

MN Ventures Private Limited (Ultimate holding company)
Media Matrix Worldwide Limited (Immediate Holding company)

Fellow Subsidiaries

Digicall Teleservices Private Limited
Media Matrix Enterprises Private Limited
Digivive Services Private Limited
Digicall Global Services Private Limited

Significant Influence

Intouch infotech Services Pvt Ltd

Key Management Personnel

Mr. Sunil Batra (Managing Director) (Appoint w.e.f. 01st July 2016)

Transactions with related parties are given below :

Name of the Party	Nature of Transaction	Volume of Transactions (2016-17) Rs.	Volume of Transactions (2015-16) Rs.	Receivable/ (Payable) as on 31.03.2017 Rs.	Receivable/ (Payable) as on 31.03.2016 Rs.
Holding Company					
Media Matrix Worldwide Limited	Finance Charges (net of TDS)	-	(62,398)	-	-
Fellow Subsidiary					
Digivive Services Private Limited	Purchase of Services	-	(5,01,005)	-	-
Digicall Teleservices Private Limited	Loan Given	1000,00,000	-	-	60,652
	Redemption of ZOFCDS	230,00,000			
	Interest Received (net of TDS)	6,99,967	-		
	Loan repaid	(1000,00,000)	-		
	Debit Note raised by us	-	60,652		
Enterprise over which key management personnel exercise significant influence					
Intouch infotech Services Pvt Ltd	Loan Taken	100,00,000	-	100,00,000	-
	Loan Repaid	-	-		
	Finance Charges (net of TDS)	5,03,013	-		
	Traveling Expense (net of TDS)	22,500			
	Professional Fee (net of TDS)	15,75,000	-		

Notes: 1. Related parties are disclosed with whom transactions have been carried out during the year.

2. No remuneration is paid by the Company to the Managing Director in accordance with the terms of his appointment.



(xi) Details of Sales and Purchase under broad heads

Particulars	Sales for the Year ended 31st March 2017	Purchase for the Year ended 31st March 2017	Sales for the Year ended 31st March 2016	Purchase for the Year ended 31st March 2016
	Rs.	Rs.	Rs.	Rs.
Sale of Products				
Mobile Handsets & accessories, Dongles & Tablets	11747,52,031	13484,91,430	349,84,493	310,79,575
Total	11747,52,031	13484,91,430	349,84,493	310,79,575

(xii) Payment to the Auditors	Year ended 31st March 2017	Year ended 31st March 2016
	Rs.	Rs.
a. For Statutory Audit and Limited Review	1,05,000	1,05,000
b. Other Certification	2,000	2,000
Total	1,07,000	1,07,000

(xiii) Expenditure in Foreign Currency	2016-17	2015-16
	Rs.	Rs.
Travelling Expenses	-	57,095
Total	-	57,095

(xiv) 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.

(xv) Subsequent to allotment of 4790000 equity shares, the paid up share capital of the Company stands increased to Rs. 9,78,00,000/- which requires the Company to appoint a Whole time Company Secretary in accordance with the provisions of Section 203 of the Companies Act, 2013. The Company is looking for a suitable qualified company secretary to comply with the above provisions of the Companies Act, 2013.

(xvi) 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 Amit Nourkha
Partner
Membership No: 513504

Place: New Delhi

Date: 22.05.2017



For and on behalf of the Board

Sunil Babre
Managing Director
DIN No. 02188254

Sandeep Jairath
Director
DIN No. 05300460

