



INDEPENDENT AUDITOR'S REPORT

To the members of CARAVEL INFO SYSTEMS PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Caravel Info Systems Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss 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 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 and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountant Of India. Those Standards and pronouncement 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, but not for the purpose of expressing an opinion on whether the company has in place adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 31st March, 2015, and its Loss for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2015 ("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 statement on the matters specified in paragraphs 3 and 4 of the order to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet and the Statement of Profit and Loss, 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 the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For SETHIA PRABHAD HEGDE AND CO

Chartered Accountants
(Firm's Registration No. 013367S.)

(Timmaraya Hegde)
(Partner)
(Membership No. 226267)

Bangalore
28th May 2015

Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditor's report to the members of **Caravel Info Systems Private Limited** ('the Company') on the financial statements for the year ended on 31st March 2015.

We report that:

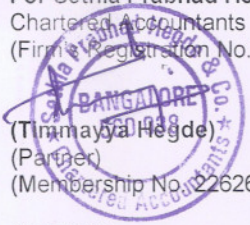
- i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- ii) (a) The Company has no inventory during the year and hence provisions of clause (ii) of para (4) of Companies (Auditor's Report) Order, 2015 are not applicable.
- iii) The Company had not granted any loan secured or unsecured to any companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 except in the case of holding company wherein the company has granted trade advance in the nature of loan and hence the provisions of clause (iii) (a) and (d) said Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, with regard to the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- v) The Company has not accepted any deposits from the public.
- vi) The Central Government has not prescribed the maintenance of cost records as required under 148 (1) of the Companies Act 2013
- vii) (a) According to the information and explanations given to us no undisputed amount payable in respect of provident fund; income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31st March 2015 for a period of more than six months from the date they became payable except in the below cases which is still due for payment.

Name of the Statute	Nature of dues	Amount to be deposited
Income Tax Act	Withholding Taxes	20,22,370
Sales Tax / Value Added Tax	Value Added Tax	44,49,377
Commercial Tax	Professional Tax	62,350
Finance Act	Service Tax	6,43,995
Provident Fund Act	Provident Fund	1,51,997

- (b) According to the information and explanations given to us, there are no dues of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues with the appropriate authorities which have not been deposited on account of any dispute.
 - (c) According to the information and explanations given to us, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.
- viii) The Company has incurred cash loss of Rs 35,16,452 during the financial year and no cash loss in the immediately preceding the financial year. Its accumulated losses are more than 50% of its net worth at the end of the financial year.

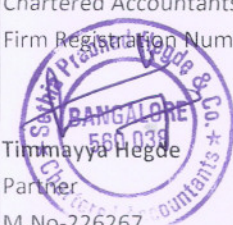
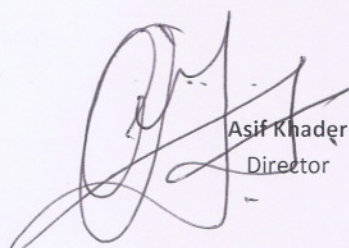
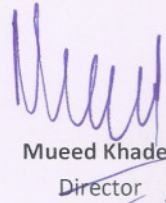
- ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has defaulted in repayment of Overdraft due to Jammu and Kashmir Bank of Rs 3,64,99,377/- (Including principal and interest). There are no debenture holders during the year nor any dues to any financial institutions.
- x) In our opinion, and according to the information and explanation given to us, and as per examination of relevant records, the Company has not given any guarantee for loans taken by others from banks or Financial Institutions
- xi) Based on information and explanations given to us by the management, the Company has not borrowed any term loan during the year and hence the provisions of clause 4 (xi) of the said Order are not applicable.
- xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For Sethia Prabhad Hegde and Co
Chartered Accountants
(Firm's Registration No.013367S)


(Timmayya Hegde)
(Partner)
(Membership No. 226267)

Bangalore
28th May 2015

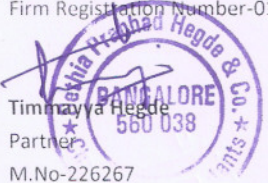
CARAVEL INFO SYSTEM PRIVATE LIMITED
Balance Sheet as at 31.03.2015

	Note No.	31.03.2015 Rs.	31.03.2014 Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2.1	12,00,000	12,00,000
(b) Reserves and Surplus	2.2	(94,73,025)	(46,46,333)
Non-current liabilities			
(a) Long-term provisions	2.4	16,02,592	16,02,592
Current liabilities			
(a) Short-term borrowings	2.5	-	22,01,854
(b) Trade payables	-	29,69,862	8,20,723
(c) Other current liabilities	2.6	5,27,46,491	1,32,78,073
TOTAL		4,90,45,919	1,44,56,909
ASSETS			
Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	2.24	1,96,301	12,71,136
(ii) Capital Work In Progress		20,00,000	-
(b) Deferred tax assets (Net)	2.3	35,64,454	35,64,454
(c) Long-term loans and advances	2.7	7,495	7,495
Current Assets			
(a) Trade receivables	2.8	83,35,053	39,36,996
(b) Cash and cash equivalents	2.9	55,82,022	51,42,513
(c) Short-term loans and advances	2.10	2,93,60,594	5,34,315
TOTAL		4,90,45,919	1,44,56,909
Notes 2.1 to 2.10 and 2.23 form an integral part of Balance Sheet			
As per our report of even date		For and on behalf of the Board	
For Sethia Prabhad Hegde & Co			
Chartered Accountants			
Firm Registration Number-0133675			
			
Timmayya Hegde Partner M.No-226267 Bangalore 28-05-2015		Asif Khader Director	 Mueed Khader Director

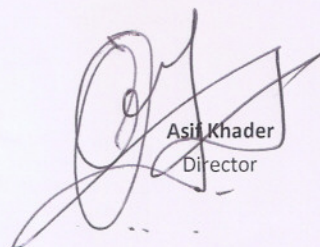
CARAVEL INFO SYSTEM PRIVATE LIMITED			
Statement of Profit and Loss for the year ended 31.03.2015			
	Note No.	31.03.2015 Rs.	31.03.2014 Rs.
Income from Operations	2.11	1,55,51,086	2,68,44,456
Other Income	2.12	6,09,305	4,69,891
Total Revenue		1,61,60,391	2,73,14,347
Expenses:			
Cost of Components, licence and software	2.13	39,31,740	86,05,002
Employee benefits expense	2.14	84,03,762	1,02,57,456
Finance costs	-	-	6,98,427
Depreciation and amortisation expense	2.15	-	2,43,995
Other expenses	2.16	73,41,342	62,07,105
Total Expenses		1,96,76,844	2,60,11,985
Profit/(loss) before exceptional and extraordinary items and tax		(35,16,452)	13,02,362
Exceptional items		9,504	-
Profit/(Loss) before extraordinary items and tax		(35,25,956)	13,02,362
Extraordinary Items		-	-
Profit before Tax		(35,25,956)	13,02,362
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Income tax relating to earlier year		2,25,901	-
Profit/(Loss) for the year from continuing operations		(37,51,857)	13,02,362
Profit/(Loss) for the period		(37,51,857)	13,02,362
Earnings per share:			
(1) Basic		(31)	11
(2) Diluted		(31)	11

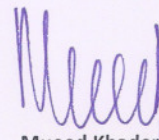
Notes 2.11 to 2.16 Form an integral part of Profit and Loss account

As per our report of even date
For Sethia Prabhada Hegde & Co
Chartered Accountants
Firm Registration Number-0133675


Timmayya Hegde
Partner
M.No-226267
Bangalore
28-05-2015

For and on behalf of the Board


Asif Khader
Director


Mueed Khader
Director

CARAVEL INFO SYSTEM PRIVATE LIMITED
NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2015

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

2.1 SHARE CAPITAL

Particulars	As at 31.3.2015	As at 31.3.2014
Authorised		
2,00,000 Equity Shares of Re.10/- each	20,00,000	20,00,000
Issued and Subscribed and fully Paid-up		
1,20,000 Equity Shares of Re.10/- each fully paid up	12,00,000	12,00,000
	12,00,000	12,00,000

The Company has only one class of shares referred to as equity shares having a par value of Re.10. Each holder of equity shares is entitled to one vote per share held.

The Company declares and pays dividend in Indian rupees. The Board of Directors have not proposed any dividend during the year. Dividend declared if any, if approved by the Shareholders, is payable to the shareholders in proportion to their shareholding. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of number of Shares

Equity Shares:	As at 31st March 2015		As at 31st March 2014	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the previous year	1,20,000	12,00,000	1,20,000	12,00,000
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	<u>1,20,000</u>	<u>12,00,000</u>	<u>1,20,000</u>	<u>12,00,000</u>

Neither shares are reserved for issue under options nor securities have been issued, which are convertible into equity / preference shares in future as on the date of balance sheet.

Details of Shares held by shareholders, holding more than 5% of the aggregate shares in the Company.

	No. of shares	Percentage	No. of shares	Amount
Cranes Software International Limited	1,20,000	100	1,20,000	100

No shares have been allotted as fully paid up, by way of bonus shares during 5 years immediately preceding March 31, 2012.

2.2 RESERVES AND SURPLUS

Particulars	As at 31.3.2015	As at 31.3.2014
(a) Surplus in Statement of Profit and Loss		
Opening balance	(46,46,334)	(59,48,695)
Loss for the year	(37,51,857)	13,02,362
Adjustment relating to Fixed Assets (Note 2.23)	(10,74,834)	
Amount available for appropriation	(94,73,025)	(46,46,333)
Balance as at the end of the year	(94,73,025)	(46,46,334)
TOTAL	(94,73,025)	(46,46,334)

2.3 DEFERRED TAXES ASSET (NET)

Particulars	As at 31.3.2015	As at 31.3.2014
Deferred Tax Asset	35,64,454	35,64,454
	35,64,454	35,64,454

2.4 LONG TERM PROVISIONS

Particulars	As at 31.3.2015	As at 31.3.2014
Gratuity obligation	11,70,684	11,70,684
Accrued Leave Liability	4,31,908	4,31,908
TOTAL	16,02,592	16,02,592

2.5 SHORT TERM BORROWINGS

Particulars	As at 31.3.2015	As at 31.3.2014
<u>Unsecured</u>		
Loan From Related Parties	-	22,01,854
TOTAL	-	22,01,854

Particulars	As at 31.3.2015	As at 31.3.2014
Trade payables	29,69,862	8,20,723
TOTAL	29,69,862	8,20,723

Refer Note: (reg Micro, Small and Medium Enterprises)

2.6 OTHER CURRENT LIABILITIES

Particulars	As at 31.3.2015	As at 31.3.2014
<u>Current maturities of Long term debt:</u>		
Statutory dues (Including Provident Fund, Withholding and other taxes payable)	90,52,547	64,49,479
Employee related liabilities	66,55,666	65,34,277
Loan repayable on demand (JK bank OD)	3,64,99,377	-
Advance received from customers	5,38,900	2,94,317
TOTAL	5,27,46,491	1,32,78,073

2.7 LONG TERM LOANS AND ADVANCES

Particulars	As at 31.3.2015	As at 31.3.2014
(Unsecured, Considered good)		
Security Deposits	7,495	7,495
TOTAL	7,495	7,495

2.8 TRADE RECEIVABLES

Particulars	As at 31.3.2015	As at 31.3.2014
<u>Unsecured, considered good</u>		
Outstanding for a period exceeding six months from the date they are due for payment	11,83,776	-
Others	46,89,527	14,75,246
From Related Party	24,61,750	24,61,750
TOTAL	83,35,053	39,36,996

2.9 CASH AND BANK BALANCES

Particulars	As at 31.3.2015	As at 31.3.2014
<u>Cash and Cash equivalents</u>		
Cash on hand	75	834
Bank balances:		
in current Account	2,90,944	78,139
in Deposit Account (Margin Money)	52,91,002	50,63,540
TOTAL	55,82,022	51,42,513

2.10 SHORT TERM LOANS AND ADVANCES

Particulars	As at 31.3.2015	As at 31.3.2014
<u>Unsecured, considered good</u>		
Advance income Tax (Net of Provision)	6,05,808	5,34,315
Related to Group Companies	2,83,58,146	-
Others	3,96,641	-
TOTAL	2,93,60,594	5,34,315

2.11 INCOME FROM OPERATION

Particulars	Year ended 31st March 2015		Year ended 31st March 2014	
(a) Sale of hardware (Domestic)	84,37,300		2,20,99,339	
(b) Export sales	38,06,786		15,03,117	
(c) Software Consultancy	33,07,000	1,55,51,086	32,42,000	2,68,44,456

2.12 OTHER INCOME

Particulars	Year ended 31st March 2015		Year ended 31st March 2014	
(a) Interest received from F D	4,45,903		2,51,711	
(b) Miscellaneous income	1,63,402		2,18,180	
		6,09,305		4,69,891
TOTAL		6,09,305		4,69,891

2.13 COST OF COMPONENTS,LICENCE AND SOFTWARE

Particulars	Year ended 31st March 2015		Year ended 31st March 2014	
Components for Projects	22,25,185		58,22,115	
Assembling Charges	4,67,505		15,30,684	
Design Charges	4,63,276		4,68,288	
Customs and Freight	7,75,774		7,83,915	
		39,31,740		86,05,002

2.14 EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended 31st March 2015		Year ended 31st March 2014	
Salaries, Wages and Bonus	82,20,232		1,00,83,508	
Contribution to Provident and other funds	1,78,450		1,41,669	
Staff welfare expenses	5,080		32,279	
TOTAL		84,03,762		1,02,57,456

2.15 DEPRECIATION AND AMORTISATION EXPENSES

Particulars	Year ended 31st March 2015		Year ended 31st March 2014	
Depreciation on tangible assets			2,43,995	
Amortisation on Intangible assets			-	
TOTAL		-		2,43,995

2.16 OTHER EXPENSES

Particulars	Year ended 31st March 2015		Year ended 31st March 2014	
Electricity Charges	6,77,602		-	
Bank Charges	84,888		-	
Repairs and Maintenance – Others	1,30,848		3,18,369	
Rates and Taxes	30,700		13,866	
Travelling and Conveyance	18,91,986		12,05,375	
Statutory Auditors : Audit fees	33,708		33,708	
Professional and Consultancy charges	26,71,200		21,94,208	
Postage and Courier	3,285		13,719	
Exchange Loss	6,594		(64,671)	
Printing and Stationary	2,46,677		2,77,300	
Telephone Expenses	3,89,129		5,83,220	
Marketing Expenses	2,807		1,87,321	
Bad Debts written off	45,433		-	
Miscellaneous expenses	7,186		14,44,690	
office maintainece	1,33,050		-	
Hiring Charges	7,43,500		-	
general expenses	74		-	
water charges	54,905		-	
liquidated damages	1,87,771		-	
TOTAL		73,41,342		62,07,105

2.17 CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)		Year ended 31st March 2015		Year ended 31st March 2014	
Particulars					
Claims against the Company not acknowledged as debts					
(a) Guarantees and Counter Guarantee		50,63,540		50,63,540	
Total		50,63,540		50,63,540	

2.18 CIF VALUE OF IMPORTS

Particulars	Year ended 31st March 2015		Year ended 31st March 2014	
Components and spare parts		38,90,842		38,90,842
TOTAL		38,90,842		38,90,842

2.19 EARNINGS IN FOREIGN CURRENCY

Particulars	Year ended 31st March 2015		Year ended 31st March 2014	
Revenue from exports on FOB basis		15,03,117		15,03,117
TOTAL		15,03,117		15,03,117

2.20 EARNINGS PER SHARE

Particulars	Year ended 31st March 2015		Year ended 31st March 2014	
	Before extraordinary items	After extraordinary items	Before extraordinary items	After extraordinary items
(a) Basic/Diluted				
Profit/(loss) after tax	(37,51,857)	(37,51,857)	13,02,362	13,02,362
Weighted average number of shares outstanding	1,20,000	1,20,000	1,20,000	1,20,000
Basic EPS	(31.27)	(31.27)	10.85	10.85
Face value per share	10	10	10	10

OTHER DISCLOSURES

Particulars	Year ended 31st March 2015	Year ended 31st March 2014
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2.21 RELATED PARTY TRANSACTIONS

	Year ended 31st March 2015		Year ended 31st March 2014	
	Holding Company	Other Related Parties		
Receivables as on 31-03-2015				-
Payables as on 31-03-2015				-

Name of the related Parties and description of relationship

Holding Company	Cranes Software International Limited
Key Management Personnel	Mr Asif Khader Mr Mueed Khader

Other Related Parties

2.22 DUES TO MICRO AND SMALL ENTERPRISES

Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	Nil	Nil
Further interest remaining due and payable for earlier years.	Nil	Nil

2.23 Pursuant to the enactment of Companies Act 2013, the Company has applied the estimated useful lives as specified in Schedule II, except in respect of certain assets as disclosed in Accounting Policy on Depreciation, Amortisation and Depletion. Accordingly the unamortised carrying value is being depreciated/ amortised over the revised/remaining useful lives. The written down value of Fixed Assets whose lives have expired as at 1st April 2014 have been adjusted net of tax, in the opening balance of Profit and Loss account amounting to Rs 10,74,834/-.

As per our report of even date
For Sethia Prabhud Hegde & Co
Chartered Accountants
Firm Registration Number-0133675

For and on behalf of the Board


Tippanayya Hegde
Partner
M.No. 226267
Bangalore
28-05-2015


Asif Khader
Director


Mueed Khader
Director

