



**INDEPENDENT AUDITOR'S REPORT**

To the members of **ESQUBE COMMUNICATION SOLUTIONS PRIVATE LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Esqube Communication Solutions Private Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> 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 31<sup>st</sup> March, 2015, and its Profit 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 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> 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 Prabhakar Hegde and Co

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

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

Bangalore  
28<sup>th</sup> May 2015

## Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditor's report to the members of **Esqube Communication Solutions Private Limited** ("the Company") on the financial statements for the year ended on 31<sup>st</sup> 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 a group 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 31<sup>st</sup> 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	1,09,316
Commercial Tax	Professional Tax	400
Finance Act	Service Tax	6,13,078
Provident Fund Act	Provident Fund	1,78,616

- (b) According to the information and explanations given to us, there are no material 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 not incurred any cash losses during the financial year and 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 2,28,82,291/- (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)



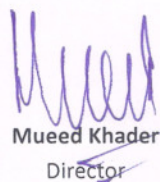
(Timmayya Hegde)

(Partner)

(Membership No. 226267)

Bangalore

28<sup>th</sup> May 2015

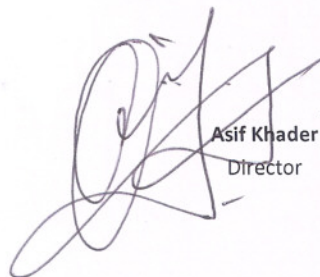
ESQUBE COMMUNICATION SOLUTIONS PRIVATE LIMITED			
Balance Sheet as at 31.03.2015			
	Note No.	31.03.2015 Rs.	31.03.2014 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	2.1	1,17,650	1,17,650
(b) Reserves and Surplus	2.2	(45,88,817)	(59,94,392)
<b>Non-current liabilities</b>			
(a) Long-term provisions	2.3	2,13,573	2,08,898
<b>Current liabilities</b>			
(a) Short-term borrowings	2.4	5,51,480	2,42,04,658
(b) Trade payables	2.5	8,01,724	7,80,463
(c) Other current liabilities	2.6	2,53,43,153	24,82,877
<b>TOTAL</b>		<b>2,24,38,764</b>	<b>2,18,00,155</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Deferred tax assets (Net)	2.7	95,000	95,000
(b) Long-term loans and advances	2.8	10,000	10,000
(c) Other non-current assets	2.9	1,92,30,680	1,92,30,680
<b>Current Assets</b>			
(a) Trade receivables	2.10	21,44,149	21,29,005
(b) Cash and cash equivalents	2.11	16,060	6,260
(c) Short-term loans and advances	2.12	9,42,875	3,29,210
<b>TOTAL</b>		<b>2,24,38,764</b>	<b>2,18,00,155</b>
Note Nos 2.1 to 2.12 form an integral part of Balance Sheet			
As per our report of even date		<b>For and on behalf of the Board</b>	
For Sethia Prabhad Hegde & Co			
Chartered Accountants			
Firm Registration Number-0133675			
		 <b>Asif Khader</b> Director	
		 <b>Mueed Khader</b> Director	

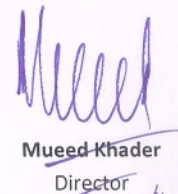
ESQUBE COMMUNICATION SOLUTIONS PRIVATE LIMITED			
Statement of Profit and Loss for the year ended 31.03.2015			
	Note No.	31.03.2015 Rs.	31.03.2014 Rs.
Income - Software Consultancy		23,36,749	5,65,303
Other Income	2.13	3,459	3,239
<b>Total Revenue</b>		<b>23,40,208</b>	<b>5,68,542</b>
<b>Expenses:</b>			
Cost of Internet subscription	2.14	2,03,949	2,33,251
Employee benefits expense	2.15	6,53,112	7,03,001
Depreciation and amortisation expense	2.16	-	-
Other expenses	2.17	77,572	41,920
<b>Total Expenses</b>		<b>9,34,633</b>	<b>9,78,172</b>
Profit/(Loss) before exceptional and extraordinary items and tax		<b>14,05,575</b>	<b>(4,09,630)</b>
Exceptional items		-	-
Profit/(Loss) before extraordinary items and tax		<b>14,05,575</b>	<b>(4,09,630)</b>
Extraordinary Items		-	-
Profit/(Loss) before Tax		<b>14,05,575</b>	<b>(4,09,630)</b>
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
(3) Mat Tax Credit		-	-
Profit/(Loss) for the year from continuing operations		<b>14,05,575</b>	<b>(4,09,630)</b>
Income tax relating to earlier year		-	-
Profit / (Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/ (Loss) from Discontinuing operations (after tax)		-	-
Add : MAT credit entitlement		-	-
Profit/(Loss) for the period		<b>14,05,575</b>	<b>(4,09,630)</b>
Earnings per share:			
(1) Basic		119.47	(35.00)
(2) Diluted		119.47	(35.00)

Note No 2.13 to 2.17 form an integral part of Profit and Loss Account

As per our report of even date  
**For Sethia Prabhadd 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

ESQUBE COMMUNICATION SOLUTIONS 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
<b>Authorised</b>		
50,000 Equity Shares of Re.100/- each	5,00,000	5,00,000
<b>Issued and Subscribed and fully Paid-up</b>		
11,765 Equity Shares of Re.10/- each fully paid up	1,17,650	1,17,650
	<b>1,17,650</b>	<b>1,17,650</b>

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	11,765	1,17,650	11,765	1,17,650
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	<b>11,765</b>	<b>1,17,650</b>	<b>11,765</b>	<b>1,17,650</b>

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	Percentage
Cranes Software International Limited	8,941	76	8,941	76
K V S Hari	1,767	15	1,767	15
H S Jamadagni	717	6	717	6

2.2 RESERVES AND SURPLUS

Particulars	As at 31.3.2015		As at 31.3.2014	
<b>(a) Securities Premium account</b>				
Opening balance	99,82,350		99,82,350	
Add: Receipt on issue of securities	-		-	
<b>Balance as at the end of the year</b>		<b>99,82,350</b>		<b>99,82,350</b>
<b>(b) Surplus in Statement of Profit and Loss</b>				
Opening balance	(1,59,76,742)		(1,55,67,112)	
Loss for the year	14,05,575		(4,09,630)	
Amount available for appropriation	(1,45,71,167)		(1,59,76,742)	
<b>Balance as at the end of the year</b>		<b>(1,45,71,167)</b>		<b>(1,59,76,742)</b>
<b>TOTAL</b>		<b>(45,88,817)</b>		<b>(59,94,392)</b>

**2.3 LONG TERM PROVISIONS**

Particulars	As at 31.3.2015	As at 31.3.2014
Gratuity obligation	1,93,608	1,76,883
Leave Encashment	19,965	32,015
TOTAL	2,13,573	2,08,898

**2.4 SHORT TERM BORROWINGS**

Particulars	As at 31.3.2015	As at 31.3.2014
<u>Unsecured</u>		
From related Parties	5,51,480	2,42,04,658
TOTAL	5,51,480	2,42,04,658

**2.5 TRADE PAYABLE**

Particulars	As at 31.3.2015	As at 31.3.2014
Trades payables	8,01,724	7,80,463
TOTAL	8,01,724	7,80,463

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)	9,07,092	8,98,753
Other payables	-	8,810
Loan repayable on demand (JK bank OD)	2,28,82,291	
Employee related liabilities	15,53,771	15,75,315
	2,53,43,153	24,82,877
TOTAL	2,53,43,153	24,82,877

**2.7 DEFERRED TAX ASSETS (NET)**

Particulars	As at 31.3.2015	As at 31.3.2014
Deferred Tax Asset	95,000	95,000
	95,000	95,000

**2.8 LONG TERM LOANS AND ADVANCES**

Particulars	As at 31.3.2015	As at 31.3.2014
(Unsecured, Considered good)		
Security Deposits	10,000	10,000
TOTAL	10,000	10,000

**2.9 OTHER NON CURRENT ASSETS**

Particulars	As at 31.3.2015	As at 31.3.2014
Unamortized expenses	1,92,30,680	1,92,30,680
TOTAL	1,92,30,680	1,92,30,680



**2.10 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	19,19,186	17,92,967
Others	2,24,963	3,36,038
TOTAL	21,44,149	21,29,005

**2.11 CASH AND BANK BALANCES**

Particulars	As at 31.3.2015	As at 31.3.2014
Bank balances:		
: in current Account	16,060	6,260
TOTAL	16,060	6,260

**2.12 SHORT TERM LOANS AND ADVANCES**

Particulars	As at 31.3.2015	As at 31.3.2014
<u>Unsecured, considered good</u>		
Balances with group Companies	6,69,321	-
Advance income Tax, (Net of Provision)	2,73,554	3,29,210
Prepaid expenses	-	-
TOTAL	9,42,875	3,29,210

**2.13 OTHER INCOME**

Particulars	Year ended 31st March 2015	Year ended 31st March 2014
(c) Interest on IT refund	3,459	3,239
TOTAL	3,459	3,239

**2.14 COST OF INTERNET SUBSCRIPTION**

Particulars	Year ended 31st March 2015	Year ended 31st March 2014
Internet and e- mail charges	2,03,949	2,33,251
TOTAL	2,03,949	2,33,251

**2.15 EMPLOYEE BENEFIT EXPENSES**

Particulars	Year ended 31st March 2015	Year ended 31st March 2014
Salaries, Wages and Bonus	6,05,077	6,25,564
Contribution to Provident and other funds	48,035	77,437
TOTAL	6,53,112	7,03,001

(Refer Note: on disclosure requirement as per Accounting Standard 15 on Employee benefits)

**2.16 DEPRECIATION AND AMORTISATION EXPENSES**

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

**2.17 OTHER EXPENSES**

Particulars	Year ended 31st March 2015	Year ended 31st March 2014
Repairs and Maintenance – Others	5,142	22,566
Rates and Taxes	31,100	2,500
Statutory Auditors : Audit fees	16,854	16,854
Exchange Fluctuation	24,476	-
Sundry Balances written off	-	-
TOTAL	77,572	41,920

**2.18 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	14,05,575	14,05,575	(4,09,630)	(4,09,630)
Weighted average number of shares outstanding	11,765	11,765	11,765	11,765
Basic EPS	119	119	(35)	(35)
Nominal value per share	10	10	10	10

**OTHER DISCLOSURES**

**Particulars**

Year ended 31st March 2015

Year ended 31st March 2014

**2.19 RELATED PARTY TRANSACTIONS**

Particulars	Year ended 31st March 2015		Year ended 31st March 2014	
	Holding Company	Other Related Parties	Holding Company	Other Related Parties
Balance as on 31.03.15 receivable				
Balance as on 31.03.15 payable	2,36,53,178		2,36,53,178	

**Name of the related Parties and description of relationship**

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

**2.20 DUES TO MICRO AND SMALL ENTERPRISES**

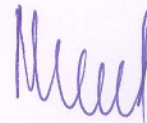
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day 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

For and on behalf of the Board

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

**Sethia Prabhakar Hegde & Co**  
BANGALORE  
588 038  
Chartered Accountants  
Timmaya Hegde  
Partner  
M.No-226267  
Bangalore  
,28/05/2015

  
Asif Khader  
Director

  
Mueed Khader  
Director