

**NUCLEUS IT ENABLED SERVICES
LIMITED**

**AUDITED FINANCIAL STATEMENT
2015-16**



MANEK & ASSOCIATES

CHARTERED ACCOUNTANTS

3, Shanti Kunj, 17, Prarthana Samaj Road, Vile Parle (East), Mumbai - 400 057.

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SHAILESH MANEK

B.Com.(Hons), Grad. C.W.A., F.C.A.

Independent Auditor's Report

To,

The Members,

NUCLEUS IT ENABLED SERVICES LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **NUCLEUS IT ENABLED SERVICES LIMITED** ('the Company'), which comprise the balance sheet as at 31 March, 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone 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 standalone 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 there under.

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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 standalone 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, 2016 and its profit and loss 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 the paragraph 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 purposes of our audit.
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;

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(d) In our opinion, the aforesaid standalone 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 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 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"; and

(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 has disclosed the impact of pending litigation on its financial position in financial statements—Refer Note 12.2 (ii) to the financial statements.

ii. The Company did not have any long-term contract including derivative contract for which there are 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

For MANEK & ASSOCIATES
Chartered Accountants
Firm's registration number: 0126679W



Mumbai
Dated: May 24th, 2016

SL Manek
(SHAILESH MANEK)
Proprietor
Membership number.034925



MANEK & ASSOCIATES

CHARTERED ACCOUNTANTS

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Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All the assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.

(c) There are no immovable properties in name of the company and therefore, the provisions of clause 3(i)(c) is not applicable.

(ii) The Company is a service company, primarily rendering information technology enabled services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) The Company has granted unsecured loans to a Company covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

(a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the Company listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company

(b) In the case of the loans granted to the Company listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of the principal and interest as stipulated.

(c) There are no overdue amounts in respect of the loan granted to a Company listed in the register maintained under section 189 of the Act.

(iv) 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 Act, with respect to the loans granted, but the Company has not given any guarantees or security in respect of any loans and therefore, the provision of clause 3(iv) of the order is not applicable to that extent.

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(v) The Company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India, the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, and the Rules framed there under are not applicable, and also no orders were passed by National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal and therefore clause 3(v) of the order is not applicable.

(vi) According to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 148 of the Companies Act, 2013 in respect of the service activities carried on by the Company and therefore, the provision of clause 3(vi) of the Order is not applicable.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax, service tax, custom duty, excise duty, value added tax, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March, 2016 for a period of more than six months from the date they became payable.

(c) According to the information and explanation given to us, there are no dues of income tax, sale tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a bank. Further, the Company has not issued any debentures and therefore, the provision of clause 3 (viii) of the Order to that extent is not applicable.

(ix) During the financial year, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans and therefore, the provision of clause 3 (ix) of the Order is not applicable.

(x) According to information and explanations given to us there were no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year and therefore, the provision of clause 3 (x) of the Order is not applicable.

(xi) During the Financial year, no managerial remuneration has been paid or provided and therefore, the provision of clause 3 (xi) of the Order is not applicable.

(xii) In our opinion, the company is not a chit fund or a nidhi and therefore, the provisions of clause 3(xii) of the Order are not applicable to the company.

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(xiii) According to information and explanation given to us, all the transactions with related parties are in compliance with the provisions of sections 177 and 188 of Companies Act, 2013 where applicable. The details of related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS)-18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, therefore, the provisions of clause 3(xiv) of the Order are not applicable to the company.

(xv) During the financial year, the Company has not entered into any non-cash transactions with directors or persons connected with him and therefore, the provisions of clause 3(xv) of the Order are not applicable to the company.

(xvi) In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and therefore, the provisions of clause 3(xvi) of the Order are not applicable to the company.

**For MANEK & ASSOCIATES
Chartered Accountants**

Firm's registration number: 0126679W



SLD Maneke
(SHAILESH MANEK)

Proprietor

Membership number.034925

Mumbai

Dated: May 24th, 2016



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Annexure - B to the Auditors' Report

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 **NUCLEUS IT ENABLED SERVICES LIMITED** ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone 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 the Institute of Chartered Accountants of India. 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.

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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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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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 at 31 March, 2016, 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 MANEK & ASSOCIATES
Chartered Accountants
Firm's registration number: 0126679W



A handwritten signature in blue ink, appearing to read "S. Manek", written over a horizontal line.

(SHAILESH MANEK)

Proprietor

Membership number:034925

Mumbai

Dated: May 24th, 2016

NUCLEUS IT ENABLED SERVICES LTD.
BALANCE SHEET AS ON 31ST MARCH 2016

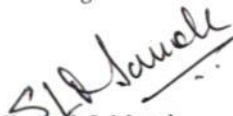
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Particulars	Note No.	As at 31/03/2016	As at 31/03/2015
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	30,000,000	30,000,000
(b) Reserves and surplus	4	(74,378,678)	(75,026,460)
2 Non-current liabilities			
(b) Long-term provisions	5	1,251,543	1,075,536
3 Current liabilities			
(a) Short-term borrowings	6	59,933,538	71,636,392
(b) Trade payables	7	974,456	419,184
(c) Other current liabilities	8	808,604	1,298,107
(d) Short-term provisions	9	37,455	14,160
TOTAL		18,626,919	29,416,919
II. ASSETS			
Non-current assets			
1 (a) Fixed assets	10		
(i) Tangible assets		1,406,568	940,595
(ii) Intangible assets		-	-
(b) Long-term loans and advances	11	530,572	23,243,664
(c) Other non-current assets	12	1,900,041	1,900,041
2 Current assets			
(a) Trade receivables	13	5,338,623	2,849,849
(b) Cash and cash equivalents	14	688,619	326,914
(c) Short-term loans and advances	15	8,724,094	125,717
(d) Other current assets	16	38,402	30,139
TOTAL		18,626,919	29,416,919


See accompanying notes 1 to 31 forming parts of the financial statements.

As Per Our Report of even date attached
For Manek & Associates
Chartered Accountants
Firm Registration No. -0126679W

For and on behalf of Board


Shresh L. Manek
Proprietor
Mem No- 34925
Place: Mumbai
Dated : 24th May, 2016




Pankaj Parmar
Director
Dated : 24th May, 2016


Purvi Ambani
Director

NUCLEUS IT ENABLED SERVICES LTD.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

Particulars	Note No.	For the year ended 31/03/2016	For the year ended 31/03/2015
INCOME			
Revenue from operations	17	36,880,686	21,473,442
Other income	18	132,249	842,935
Total incomes		37,012,935	22,316,377
EXPENDITURE			
Employee benefits expense	19	21,684,560	15,847,335
Finance costs	20	5,439,261	8,787,825
Depreciation and amortization expense	10	370,457	589,641
Other expenses	21	8,882,585	18,495,628
Total expenses		36,376,863	43,720,429
Profit before tax (VII- VIII)		636,071	(21,404,052)
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
(3) Prior year Tax Adjustment		11,711	3,794
Profit after tax for the year		647,782	(21,400,259)
Earnings per equity share:	22		
(Face Value of Rs. 10 /- Per share)			
(1) Basic		0.21	(7.13)
(2) Diluted		0.21	(7.13)

See accompanying notes 1 to 31 forming parts of the financial statements.

As Per Our Report of even date attached
For Manek & Associates
Chartered Accountants
Firm Registration No. -0126679W

Shailesh L. Manek
Proprietor
Mem No- 34925
Place: Mumbai
Dated : 24th May, 2016



For and on behalf of Board

Pankaj Parmar

Pankaj Parmar
Director
Dated : 24th May, 2016

Purvi Ambani

Purvi Ambani
Director

NUCLEUS IT ENABLED SERVICES LTD.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016.

	Particulars	For the year ended 31/03/2016		For the year ended 31/03/2015	
A	CASH FLOW FROM OPERATING ACTIVITIES				
	Net profit/(loss) before tax		636,071		(21,404,052)
	Adjustments for				
	Depreciation & Amortisation	370,457		589,641	
	Interest income	(15,776)		(12,568)	
	Interest expense	5,416,599	5,771,280	8,761,592	9,338,665
	Operating profit/(loss) before working capital changes		6,407,351		(12,065,387)
	Adjustments for				
	Changes in Current Assets				
	(Increase) / Decrease in Long Term loans & Advances	22,713,092		(10,982,857)	
	(Increase) / Decrease in Other Non Current Assets	-		8,577,699.00	
	(Increase) / Decrease in Trade Receivable	(2,488,774)		1,537,661	
	(Increase) / Decrease in Short Term loans & Advances	(8,598,378)		11,438,477	
	(Increase) / Decrease in Other Current assets	(8,263)	11,617,678	(4,893)	10,566,087
	Changes in Current Liabilities				
	Increase / (Decrease) in Long Term Provisions	176,007		356,893	
	Increase / (Decrease) in Trade payables	555,272		(443,718)	
	Increase / (Decrease) in Other current liabilities	(489,503)		(5,829,613)	
	Increase / (Decrease) in Short term Provision	23,295		(2,409)	
	Cash used in operations before taxes		265,071		(5,918,847)
	Refund recd / (Taxes paid) (Including TDS & STT of earlier year w/off)		18,290,100		(7,418,148)
	Earlier year Tax Adjustment		11,711	3,794	3,794
	Net cash used in operating activities		18,301,811		(7,414,354)
B	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase of fixed assets	(836,430)		(314,250)	
	Interest received	15,776		12,568	
	Net cash used in investing activities		(820,654)		(301,682)
C	CASH FLOW FROM FINANCING ACTIVITIES				
	Proceed of unsecured Loan (Net of repayments)	(11,702,854)		15,661,392	
	Interest Paid	(5,416,599)		(8,761,592)	
	Net cash used in financing activities		(17,119,453)		6,899,800
D	Net increase/(decrease) in cash & cash equivalents (A+B+C)		361,704		(816,236)
E	Cash and cash equivalents at the beginning of the year		326,914		1,143,150
F	Cash and cash equivalents at the end of the year (D+E)		688,619		326,914

NOTES TO CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

1 Cash & Cash Equivalents Include :

Cash on Hand	128,619	27,775
Balance with Banks In Current and Cash Credit Accounts	560,000	299,140
	<u>688,619</u>	<u>326,914</u>

2 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard-3 on Cash Flow Statements notified under the Companies (Accounting Standards) Rules, 2006.

As Per Our Report of even date attached
For Manek & Associates
Chartered Accountants
Firm Registration No. 0126679W

Shantesh L. Manek
Proprietor
Mem No- 34925
Place: Mumbai
Dated : 24th May, 2016



For and on behalf of Board

Pankaj Parmar
Director
Dated : 24th May, 2016

Purvi Ambani
Director

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. Corporate Information

The company is engaged in information technology enabled services and provides services to clients both domestic and abroad.

2. Significant Accounting Policies

1. Basis of preparation of financial statements:

The accompanying financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 to the extent applicable. The financial statements are presented in Indian Rupees.

2. Use of estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and the estimates are recognized in the period in which the results are known / materialized.

3. Revenue Recognition:

Revenue is recognized on accrual basis as under:

a. Information Technology Enabled Services (ITES) and Software Services Fees: Income from services rendered of ITES is recognized on services rendered. Software services fees are accounted on its completion and acceptance by the customers.

b. Interest income is recognized on time proportion basis.

c. All expenses are accounted on accrual basis except leave travel allowance and medical reimbursement to employees which are accounted on payment basis.

4. Fixed Assets:

a. Tangible Assets:

Fixed assets are stated as cost less accumulated depreciation.

b. Intangible Assets:

Intangible assets are stated at cost, less any accumulated amortization / impairment losses.

Cost includes original cost of acquisition, including incidental expenses related to such acquisition.

5. Depreciation/ Amortization:

In respect of fixed assets acquired during the year, depreciation / amortisation is charged on a Written Down Value basis so as to write off the cost of the assets over the useful lives and for the assets acquired prior to April 1, 2014, the carrying amount as on April 1, 2014 is depreciated over the remaining useful life based on an evaluation basis. Further incase, where the remaining useful life had been completed on April,1,2014,the carrying amount of assets,after retaining residual value,amounting to Rs.16,46,670/- had been recognized in the opening balance of retained earnings of the previous year. Intangible asset being computer software is amortized over a period of three years for which the Company expects the benefits to accrue.

6. Retirement Benefits:

Company's contribution to Provident Fund is charged to Statement of Profit and Loss . Gratuity benefits payable to employees and Leave encashment are provided on the basis of actuarial valuation on the Balance Sheet date.

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7. Taxation:

Provision for current tax is computed in accordance with the relevant tax regulation.

Deferred Tax is recognised for all timing differences between accounting income and taxable income and quantified using the enacted / substantially enacted tax rates as at the balance sheet date.

Deferred Tax Assets are recognised where realisations are reasonably certain whereas in case of carried forward losses or unabsorbed depreciation, deferred tax assets are recognised only if there is a virtual certainty of realisation backed by convincing evidence. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

8. Foreign Currency Transactions:

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the date of transaction. Monetary items denominated in foreign currency at the year end are translated at year end rates. In respect of monetary items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognized as exchange difference and the premium on such forward contracts is recognized over the life of the forward contract. The exchange difference arising on settlement/ translation are recognized in the revenue accounts.

9. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of a qualifying asset are capitalized as part of such asset till such time as the asset is ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

10. Impairment of assets

The company assess at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss Account. If at the Balance Sheet date there is an indication that the previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

11. Provisions, Contingent liabilities and Contingent Assets

A provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation, and in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimation. A contingent liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote or a reliable estimate of the amount of obligation cannot be made.

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NUCLEUS IT ENABLED SERVICES LIMITED

Notes to the Financial Statements

Note 3 Share Capital

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3.1 Particulars	As at 31/03/2016	As at 31/03/2015
Authorised		
Par Value Rs.10 Per share		
50,00,000 [Previous Year 50,00,000] Equity Shares of Rs.10 each	50,00,000	50,00,000
Issued, Subscribed & Paid up		
30,00,000 [Previous Year 30,00,000] Equity Shares of Rs.10 each	30,00,000	30,00,000
Total	30,00,000	30,00,000

3.2 Reconciliation of Number of shares

Particulars	No of Equity Shares	
	As at 31/03/2016	As at 31/03/2015
Shares outstanding at the beginning of the year	3,000,000	3,000,000
Shares outstanding at the end of the year	3,000,000	3,000,000

3.3 Disclosure pursuant to shareholding By holding Co.

30,00,000 Equity Shares are held by Asit C Mehta Financial Services Ltd., the holding company.

3.4 Details of Shareholder holding more than 5% of share capital

₹

Name of Shareholder	As at 31/03/2016		As at 31/03/2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Asit C Mehta Financial Services Ltd.	3,000,000	100	3,000,000	100

3.5 Rights attached to Equity shares

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

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to number of equity shares held by shareholders.

Note 4 Reserves & Surplus

₹

Particulars	As at 31/03/2016	As at 31/03/2015
Surplus in Statement of Profit & Loss		
Opening Balance	(75,026,460)	(51,979,532)
Add :Net Profit (Loss) For the current year	647,782	(21,400,259)
Less: Adjustment as per Schdule II to the Companies Act, 2013 [Refer Note - 2 (5)]	-	(1,646,670)
Closing Balance	(74,378,678)	(75,026,460)
	(74,378,678)	(75,026,460)

sum

NUCLEUS IT ENABLED SERVICES LIMITED

Notes to the Financial Statements

Note 5 Long Term Provisions

Particulars	As at 31/03/2016	As at 31/03/2015
Provision for employee benefits		
Gratuity (funded)	1,011,942	949,443
Leave Encashment (unfunded)	239,601	126,093
	1,251,543	1,075,536

Note 6 Short Term Borrowings

Particulars	As at 31/03/2016	As at 31/03/2015
Secured		
<u>Overdraft from Bank of India</u>	56,964,383	57,000,000
(Secured against the FDR pledged with BANK of India, Stock Exchange Br.)		
(Security provided by M/s. Asit C. Mehta Investment Intermmediates Ltd., a fellow subsidiary)		
(Rate of Interest 1.5% above Term Deposit rate)		
Unsecured		
Loans and advances from related parties (Refer Note 24)		
Inter Corporate Deposit From Holding Co.	2,969,155	7,852,388
(Repayble on Demand and Rate of Interest- 15%)		
Loans and advances from Others		
Inter Corporate Deposit from Asit C Mehta Commodity services Ltd.		6,784,004
(Repayble on Demand and Rate of Interest- 13.5%)		
	59,933,538	71,636,392

Note 7 Trade Payable

7.1 Particulars	As at 31/03/2016	As at 31/03/2015
Micro, Small and Medium Enterprises		
Others	974,456	419,184
	974,456	419,184

- 7.2 The Company has not received any intimation from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2002 ("MSMED Act"), and therefore no such disclosures under the Act is considered necessary. This has been relied upon by the auditors.

Amounts payable to Micro and Small Enterprises	As at 31/03/2016	As at 31/03/2015
(i) the principal amount and the interest due thereon	Nil	Nil
(ii) interest Paid during the year	Nil	Nil
(iii) the amount of interest due and payable for the period of delay in making payment	Nil	Nil
(iv) the amount of interest accrued and remaining unpaid	Nil	Nil
(v) the amount of further interest remaining due and payable	Nil	Nil

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NUCLEUS IT ENABLED SERVICES LIMITED

Notes to the Financial Statements

Note 8 Other Current Liabilities

₹

Particulars	As at 31/03/2016	As at 31/03/2015
a) Interest accrued and due on borrowings Unsecured , Considered good	86,301	58,624
(b) Other Statutory Dues	673,543	1,227,492
(c) Due to Fellow subsidiary (refer note 24)	48,760	
(d) Salary payable	-	11,991
	808,604	1,298,107

Note 9 Short Term Provisions

₹

Particulars	As at 31/03/2016	As at 31/03/2015
Provision for employee benefits		
Gratuity	33,705	-
Leave Encashment	3,750	14,160
	37,455	14,160

sum

NUCLEUS IT ENABLED SERVICES LIMITED

Notes to the Financial Statements

NOTE -10 - FIXED ASSETS

ASSETS	GROSS BLOCK				DEPRECIATION / ON DISPOSAL / DISCARD	ADJUSTMENT (As per Co. Act 2013)	TOTAL AS ON 31/03/2016	TOTAL AS ON 31/03/2016	TOTAL AS ON 31/03/2015	
	COST AS ON 01/04/2015	ADDITIONS	DEDUCTIONS	TOTAL AS ON 31/03/2016						
Tangible Assets										
Computers	7,318,709 (7,004,459)	746,431 (314,250)	- -	8,065,140 (7,318,709)	6,678,231 (5,993,175)	351,047 (505,059)	- (179,997)	7,029,278 (6,678,231)	1,035,862 (640,478)	640,478 (1,011,284)
Electrical Fittings	210,132 (210,132)	- -	- -	210,132 (210,132)	199,625 (121,017)	- -	- (78,608)	199,625 (199,625)	10,507 (10,507)	10,507 (89,115)
Furniture and Fixtures	2,577,841 (2,577,841)	- -	- -	2,577,841 (2,577,841)	2,448,949 (1,750,576)	- -	- (698,373)	2,448,949 (2,448,949)	128,892 (128,892)	128,892 (827,265)
office and other Equipments	1,367,196 (1,367,196)	90,000 -	- -	1,457,196 (1,367,196)	1,288,780 (769,643)	19,410 (84,582)	- (434,554)	1,308,190 (1,288,779)	149,006 (78,417)	78,417 (597,553)
Motor car	1,646,022 (1,646,022)	- -	- -	1,646,022 (1,646,022)	1,563,721 (1,308,583)	- -	- (255,138)	1,563,721 (1,563,721)	82,301 (82,301)	82,301 (337,439)
	13,119,900 (12,805,650)	836,431 314,250	- -	13,956,331 (13,119,900)	12,179,306 (9,942,994)	370,457 (589,641)	- (1,646,670)	12,549,763 (12,179,305)	1,406,568 (940,595)	940,595 (2,862,656)
Intangible Assets										
Software	4,313,871 (4,313,871)	- -	- -	4,313,871 (4,313,871)	4,313,871 (4,313,871)	- -	- -	4,313,871 (4,313,871)	- -	- -
	4,313,871 (4,313,871)	- -	- -	4,313,871 (4,313,871)	4,313,871 (4,313,871)	- -	- -	4,313,871 (4,313,871)	- -	- -
Total:	17,433,771 (17,119,521)	836,431 314,250	- -	18,270,202 (17,433,771)	16,493,177 (14,256,865)	370,457 (589,641)	- (1,646,670)	16,863,634 (16,493,176)	1,406,568 (940,595)	940,595
Previous Year:										

Note: Figures in bracket relates to the previous year.

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NUCLEUS IT ENABLED SERVICES LIMITED

Notes to the Financial Statements

Note 11 Long term loans & advances

₹

11.1 Particulars	As at 31/03/2016	As at 31/03/2015
Unsecured, considered good		
A. Security Deposits		
Deposit for Premises	-	22,000,000
	-	22,000,000
<u>Unsecured, considered good</u>		
B. Others		
(a) Margin money with bank for BG	50,000	50,000
(b) Advance tax	437,095	1,173,568
(c) Prepaid Expenses	43,477	20,096
	530,572	1,243,664
	530,572	23,243,664

11.2 Security Deposit is given to the Holding Company against use of premises on Leave and Licence basis.

Note 12 Other Non Current Assets

₹

12.1 Particulars	As at 31/03/2016	As at 31/03/2015
Long term trade receivables		
Unsecured, considered good	1,900,041	1,900,041
	1,900,041	1,900,041

12.2 Debtors include

i) The Company had decided to withdraw the case filed against the ILFS, as per the Arbitration Award passed on 14th Oct 2014, and the Company has nothing to receive from the ILFS towards their outstanding dues.

ii) A disputed debt of Rs. 19,00,041/- (Previous year Rs. 19,00,041/-) due from a debtor. The Company had referred the disputed matter to arbitration and an Award in favour of company was received on 17/4/2012 and hence no provision was made by the Company. However the Debtor had challenged the Arbitration order in Bombay High Court in July 2012. The said Arbitration application of debtor was allowed recently by the Bombay High Court thereby setting aside the award dtd. 17.04.2012. The company has challenged the order of Bombay High Court before division bench, which is pending for hearing (at admission stage). Further, the company has also filed winding up petition before Delhi High Court in which Debtor appeared and filed their representation. Now the company will file a rejoinder and argue the matter. The management is confident, based on expert advice, that they have a good case & will recover the amount and hence there is no need to make any provision.

Note 13 Trade receivables

₹

Particulars	As at 31/03/2016	As at 31/03/2015
Trade receivables outstanding for a period exceeding six months from the date they are due		
Unsecured, considered good	-	140,167
	-	140,167
Trade receivables outstanding for a period less than six months		
Unsecured, considered good	5,338,623	2,709,682
	5,338,623	2,709,682
	5,338,623	2,849,849

SUM

NUCLEUS IT ENABLED SERVICES LIMITED

Notes to the Financial Statements

Note 14 Cash and cash equivalents

₹

Particulars	As at 31/03/2016	As at 31/03/2015
Balance in Current accounts	560,000	299,140
Cash on hand	128,619	27,775
	688,619	326,914

Note 15 Short-term loans and advances

₹

15.1

Particulars	As at 31/03/2016	As at 31/03/2015
Unsecured, Considered good		
Statutory dues receivable	33,849	52,426
Prepaid Expenses	29,945	25,691
Advances recoverable in cash or in kind	-	17,600
Inter Coporate Loan - Edgytal	500,000	-
Loans to staff	160,300	30,000
Deposit for Premises (Refer Note 11.2 and Note 24)	8,000,000	-
	8,724,094	125,717

Note 16 Other current assets

₹

Particulars	As at 31/03/2016	As at 31/03/2015
Unsecured, Considered good		
Accrued interest	38,401	30,139
	38,401	30,139

Note 17 Revenue from operations

₹

Particulars	For the year ended 31/03/2016	For the year ended 31/03/2015
Sale of services		
Income Back office function	23,987,291	12,207,502
Income From Export Services	12,774,957	9,149,811
Software Development Chg.	-	50,000
Out of pocket expenses	118,438	66,129
	36,880,686	21,473,442

Note 18 Other income

₹

Particulars	For the year ended 31/03/2016	For the year ended 31/03/2015
Interest Income	15,776	12,568
Interest on income tax refund	78,727	27,600
Exchange Rate Difference	19,192	-
Miscellaneous income	18,554	802,767
	132,249	842,935

SUM

Note 19 Employee benefits expense

19.1 Particulars	For the year ended	
	31/03/2016	31/03/2015
Salaries, Wages & Bonus	19,250,796	13,827,067
Contribution to PF and Other funds	1,689,738	1,098,451
Staff Welfare	479,108	414,659
Leave Encashment	168,714	173,039
Gratuity	96,204	334,119
	21,684,560	15,847,335

19.2 The disclosures required as per AS 15 are as under:

- Post-employment benefit plans
- Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.
- For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the Profit and Loss Statement for the year in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefits become vested.

The retirement benefit obligations recognized in the balance sheet represents the present value of the defined benefit obligations as adjusted for unrecognized past service cost.

- Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the year when the employee renders the service.

- The following table sets out the funded status of the gratuity plan and unfunded compensated leave absences and the amounts recognized in the Company's financial statements as at March 31, 2016.

Particulars	2015-16		2014-15	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
Reconciliation of liability recognized in the Balance sheet				
Present value of commitments	1,045,647	243,351	949,443	140,253
Fair value of plans	-	-	-	-
Net liability in the Balance sheet as on 31st March, 2016	1,045,647	243,351	949,443	140,253
Movement in net liability recognized in the Balance sheet				
Opening liability at the beginning of the period	949,443	140,253	615,324	119,888
Net expense recognized in the Profit and Loss Statement	225,485	168,714	334,119	173,039
Benefits Paid during the year	(129,281)	(65,616)	-	(152,674)
Contribution during the year	-	-	-	-
Net liability as at 31 st March, 2016	1,045,647	243,351	949,443	140,253
Expense recognized in the Profit and Loss Statement				
Current service cost	236,677	178,435	186,318	111,915
Interest cost	69,015	8,381	52,923	3,920
Expected return on plan assets	-	-	-	-
Actuarial (gains)/ losses	(80,207)	(18,102)	149,449	57,204
Expense charged to the Profit and Loss Statement	225,485	168,714	388,690	173,039
Return on plan assets	-	-	-	-
Expected return on plan assets	(90,400)	-	84,500	-
Actuarial (gains)/ losses	(80,207)	-	72,999	-
Actual return on plan assets	(170,607)	-	157,499	-
Reconciliation of defined-benefit commitments				
Opening liability at the beginning of the period	949,443.00	140,253.00	615,324	119,888
Current service cost	236,677.00	178,435.00	186,318	111,915
Interest cost	69,015.00	8,381.00	52,923	3,920
Paid benefits	(129,281)	(65,616)	(54,571)	(152,674)
Actuarial (gains)/ losses	(80,207)	(18,102)	149,449	57,204
Commitments as at 31 st March, 2016	1,045,647.00	243,351.00	949,443	140,253

The above expenses have been shown separately under the employee's cost in the profit and loss Statement.

The actuarial calculations used to estimate commitments and expenses in respect of gratuity and leave encashment are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense.

Actuarial Assumptions

Particulars	2015-2016		2014-2015	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
Mortality Rate (L.I.C.)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount Rate	8.00%	8.00%	7.80%	7.80%
Salary Escalation	5%	5%	5%	5%
Rate of return (expected) on plan assets	9%	-	9%	-
Withdrawal rates	1%	1%	1%	1%

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NUCLEUS IT ENABLED SERVICES LIMITED

Notes to the Financial Statements

Note 20 Finance costs

Particulars	For the year ended	For the year ended 31/03/2015
Interest expense	5,416,599	8,761,592
Other borrowing costs	22,662	26233.29
	5,439,261	8,787,825

Note 21 Other expenses

21.1 Particulars	For the year ended	For the year ended 31/03/2015
Data Processing charges	-	52,351
Leave & Licence fees	3,982,000	5,814,000
Rates & Taxes	52,786	22,393
Travelling & Conveyance	239,873	146,898
Electricity Exp.	1,311,687	754,651
Legal & Professional Charges	528,141	1,251,128
Repairs & Maintenance - Others	354,314	241,688
Insurance Exp.	35,513	18,318
Exchange Rate Difference	-	69,917
<u>Auditors Remuneration</u>		
Audit fees	175,000	175,000
Tax Audit fees	50,000	50,000
Office Expenses	536,907	509,247
Vehical Exp.	107,755	217,187
Printing & Stationery	370,723	113,724
Computer Hiring Charges	457,850	-
Bad Debts W/off	23,018	8,577,699
Miscellaneous Exp.	657,019	576,405
Penalties	-	17,858
Prior Period Exp.	-	888
	8,882,585	18,609,352

- 21.2 The Company has two Leave and Licence arrangement in respect of Office Premises with its holding company. One arrangement is for the period of one year and other is for a period of three years and is renewable for further period with mutual consent. Under the arrangement, refundable interest free security deposit is given and the arrangement is on a non-cancellable operating lease on the following payment terms:

Lease rental obligation:	As at 31/03/2016	As at 31/03/2015
Not More than one Year	6,656,000	5,814,000
Later than one Year but not later than three year	11,799,000	3,672,000

Note 22 Earning Per Share	As at 31/03/2016	As at 31/03/2015
a. Profit Computation for both basic and Diluted Earning Per Share of Rs.10/- each Net Profit as per Statement of Profit & Loss available for equity shareholders	636,071	(21,404,052)
b. Weighted average number of equity share for Earning Per Share computation For Basic/adjusted and Diluted Earning Per Share	3,000,000	3,000,000
c. Earning Per Share Basic and Diluted (Rs.)	0.21	(7.13)

sum

NUCLEUS IT ENABLED SERVICES LIMITED

Notes to the Financial Statements

NOTES TO ACCOUNTS

23 Estimated amount of contracts remaining to be executed on Capital account and not provided for Rs. Nil (Previous Year Rs Nil)

24 Related Parties

a) Controlling Company

Asit C Mehta Financial Services Ltd – the holding company (holds 100% equity capital as at 31st March, 2016)

b) Other Related party

Asit C Mehta Investment Intermediates Limited - Fellow Subsidiary from 15th December, 2014

c) Key Management Personnel (KMP)

Pankaj Parmar - Director

Purvi Ambani - Director

Tushar Kapadia - Director

Details of Transactions	Holding Company	Fellow entities	KMP	Relatives of KMP	Total
Inter-corporate loan taken- ACMFSL	53,875,344	-	-	-	53,875,344
	(154,811,869)	-	-	-	(154,811,869)
Inter-corporate loan repaid- ACMFSL	57,905,861	-	-	-	57,905,861
	(148,147,236)	-	-	-	(148,147,236)
Inter-corporate loan taken- ACMIIL	-	3,100,000			3,100,000
		-			-
Inter-corporate loan repaid- ACMIIL	-	3,100,000			3,100,000
		-			-
Refund of Deposit for Office Premises- ACMFSL	14,000,000	-	-	-	14,000,000
	-	-	-	-	-
Interest paid on loan	372,266	11,250	-	-	383,516
	(1,319,728)	-	-	-	(1,319,728)
Leave & License fees paid/payable to ACMFSL	3,982,000	-	-	-	3,982,000
	(5,814,000)	-	-	-	(5,814,000)
Reimbursement of Expenses	298,450	53,083	-	-	351,533
	-	-	-	-	-
Back Office Income - ACMIIL	-	857,000	-	-	857,000
	-	(342,000)	-	-	(342,000)
Closing balance payable- ACMIIL	-	63,584			63,584
	-	-			-
Closing balance payable- ACMFSL	3,075,192	-	-	-	3,075,192
	(7,852,388)	-	-	-	(7,852,388)
Closing balance Receivable- ACMFSL towards lease deposit	8,000,000				8,000,000
	(22,000,000)	-	-	-	(22,000,000)

(Figures in bracket relates to the previous year)

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NUCLEUS IT ENABLED SERVICES LIMITED

Notes to the Financial Statements

25 Earnings in foreign currency (on accrual basis)

₹

Particulars	31/03/2016	31/03/2015
Export of IT Enabled Services	12,774,957	9,149,811

26 Expenditure in Foreign Currency

₹

Particulars	As at	As at
Travelling Expenses	218,311	-

27 Disclosure of Derivatives:

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Trade Receivables	USD23,740.35	15,74,695 INR
	(USD11,688.76)	(7,31,598 INR)

(Figures in bracket relates to previous period)

The Cash flow is expected to occur and impact the Statement of Profit and Loss within a period of 1 year.

28 The Company's primary business segment of Information Technology Enabled Services (ITES) falls under single primary business segment and accordingly disclosures requirement as per Accounting Standard 17 in this regard are not applicable.

The disclosure under Secondary Segment Reporting (by geographic segments) is as under:

₹

Particulars	Domestic (In India)	Exports to USA	Total
Segment Revenue	24,105,729	12,774,957	36,880,686
	(12,323,631)	(9,149,811)	(21,473,442)
Total Carrying Value of Segment Assets	*	*	*
Capital Expenditure	*	*	*

(Figures in bracket relates to previous period)

* In view of the interwoven, inter-mix nature of business and segment assets, other geographical segmental information is not ascertainable.

29 Deferred Tax adjustments recognized in the financial statements are as under:

₹

Particulars	Opening Balance	Change / credit During year	Closing Balance
Deferred Tax Liability			
On account of difference in book value and tax value of fixed assets	(588,208)	172,272	(415,937)
TOTAL	(588,208)	172,272	(415,937)
Deferred Tax Asset			
Unabsorbed depreciation	(3,714,010)	-	(3,714,010)
43B items (Gratuity and leave encashment)	(336,716)	(61,584)	(398,300)
TOTAL	(4,050,726)	(61,584)	(4,112,310)
Net Deferred Tax (Asset) / Liability	(4,638,935)	110,688	(4,528,247)

Note: *The above deferred tax asset is not recognized on consideration of prudence as set out in AS 22 on "Accounting for Taxes on Income"

SUM

NUCLEUS IT ENABLED SERVICES LIMITED

Notes to the Financial Statements

30 As at the year end there are no amounts due and outstanding, to be credited to Investors' Education and Protection Fund.

31 Previous year's figures are restated / regrouped / rearranged wherever necessary in order to confirm to current years grouping and classifications.

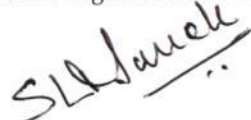
See accompanying notes 1 to 31 forming parts of the financial statements.

As Per Our Report of even date attached

For Manek & Associates

Chartered Accountants

Firm Registration No-0126679W



Shailesh L. Manek

Proprietor

Mem No- 34925

Place: Mumbai

Dated : 24th May, 2016



For and on behalf of Board



Pankaj Parmar

Director

Dated : 24th May, 2016



Purvi Ambani

Director