

LOCUZ ENTERPRISE SOLUTIONS LIMITED

401, Krishe Sapphire, Main Road, Madhapur, Hyderabad - 500081

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2015

(₹)

Particulars	Note	Figures as at the end of year 31.03.2015	Figures as at the end of year 31.03.2014
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	1,00,62,591	1,00,00,000
(b) Reserves and Surplus	2	22,97,77,321	22,16,46,186
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	3,67,18,414	5,27,57,944
(b) Deferred Tax Liabilities (Net)	4	-45,83,000	92,49,000
(4) Current Liabilities			
(a) Short-Term Borrowings	5	6,20,88,544	6,77,64,820
(b) Trade Payables	6	50,82,99,649	16,85,97,451
(c) Other Current Liabilities	7	6,62,60,912	7,61,40,701
(d) Short-Term Provisions	8	2,74,91,483	91,40,547
Total Equity & Liabilities		93,61,15,914	61,52,96,649
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets - Tangible Assets			
(i) Gross Block	9	13,15,79,489	12,62,85,474
(ii) Depreciation		11,00,98,215	5,68,92,124
(iii) Net Block		2,14,81,274	6,93,93,350
Capital Work-in-Progress		0	28,53,595
(b) Long term loans and advances	10	6,73,03,846	8,50,73,767
(c) Other non-current assets		451127	
(2) Current Assets			
(a) Inventories	11	1,43,54,937	1,35,89,959
(b) Trade receivables	12	68,89,66,675	33,24,21,020
(c) Cash and cash equivalents	13	1,61,42,531	1,79,11,868
(d) Short-term loans and advances	14	10,71,01,184	7,37,38,750
(e) Other current assets	15	2,03,14,340	2,03,14,340
Total Assets		93,61,15,914	61,52,96,649
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	23	0 -	0
<i>Note forming an integral part of the Balance Sheet</i>			
<i>Vide our Report of even date attached.</i>			
for R.B.KABRA & CO.,			
CHARTERED ACCOUNTANTS			
FIRM REGN.NO.001650 S	1	(VIJAY KUMAR WADHI)	
(CA. KISHORE KUMAR KABRA)	2.	(UTTAM MAJUMDAR)	
PARTNER			
Membership No. : 29772			
PLACE : HYDERABAD			
DATE : 26TH MAY,2015			

LOCUZ ENTERPRISE SOLUTIONS LIMITED

401, Krishe Sapphire, Main Road, Madhapur, Hyderabad - 500081

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH,2015 (₹)

	Particulars	Note	For the year ended	For the year ended
			31-03-2015	31-03-2014
I.	Revenue from Operations	16	200,40,15,838	132,92,61,470
II	Other Income	17	1,05,98,921	1,02,75,898
III	Total revenue (I + II)		201,46,14,759	133,95,37,368
IV	Expenses			
	Cost of materials Sold	18	175,32,10,334	114,38,67,961
	Changes in inventories of finished goods, work in progress and stock in trade	19	(7,64,978)	(24,07,840)
	Employee benefits expense	20	11,20,06,295	10,69,16,077
	Finance costs	21	1,66,96,277	1,12,79,627
	Depreciation and amortization expense		5,32,26,864	1,56,07,575
	Other expenses	22	6,56,72,336	6,55,38,234
	Total Expenses		200,00,47,127	134,08,01,635
V	Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		1,45,67,631	(12,64,267)
VI	Exceptional Items		0	0
VII	Profit/(Loss) before exceptional items and tax (V-VI)		1,45,67,631	(12,64,267)
VIII	Extraordinary Items		0	0
IX	Profit before tax (VII-VIII)		1,45,67,631	(12,64,267)
X	Tax expense:			
	(1) Current tax		1,91,91,000	15,98,000
	(2) Deferred tax		(1,38,32,000)	(46,40,000)
	(3) Prior Period Taxes		7,77,744	(1,76,22,884)
XI	Profit/(Loss) for the period from continuing operations (VII-VIII)		84,30,887	1,94,00,617
XII	Previous Year Tax written off		0	0
XIII	Profit/(loss) from discontinuing operations		0	0
XIV	Tax expense of discontinuing operations		0	0
XV	Profit/(loss) from discontinuing operations (after tax) (XII-XIII)		0	0
XVI	Profit/(Loss) for the period (XI + XIV)		84,30,887	1,94,00,617
XVII	Loss from 100% Subsidiary-Locuz Inc		-2,99,762	
XVIII	consolidated Profit/Loss		81,31,125	
XIX	Earning per equity share:			
	(1) Basic		8.43	19.40
	(2) Diluted			

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

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Note forming an integral part of the Balance Sheet

Vide our Report of even date attached.

**for R.B.KABRA & CO.,
CHARTERED ACCOUNTANTS
FIRM REGN.NO.001650 S**

(VIJAY KUMAR WADHI)

**(CA. KISHORE KUMAR KABRA)
PARTNER
Membership No. : 29772
PLACE : HYDERABAD
DATE 26TH MAY ,2015**

(UTTAM MAJUMDAR)

LOCUZ ENTERPRISE SOLUTIONS LIMITED

401, Krishe Sapphire, Main Road, Madhapur, Hyderabad - 500081

Note Forming Integral Part of the Balance Sheet as at 31st March 2014

Note : 1 Share Capital

Particulars	Figures as at end of the year ended 31-03-2015 (Amount in Rs.)	Figures as at end of the year ended 31-03-2014 (Amount in Rs.)
1 AUTHORIZED CAPITAL		
10,00,000 Equity Shares of Rs. 10/- each.	100,00,000.00	100,00,000.00
	100,00,000.00	100,00,000.00
2 ISSUED , SUBSCRIBED & PAID UP CAPITAL		
10,00,000 Equity Shares of Rs.10/- each fully paid up	100,00,000.00	100,00,000.00
100 equity shares of \$10/- each fully paid up in Locuz Inc	62,591	
	100,62,590.80	100,00,000.00

Disclosure :

- All the Equity Shares carry equal rights and obligations including for dividend and voting.
- Share Capital includes 485300 equity shares of Rs.10/- each issued as fully paid up Bonus Shares by capitalization of accumulated profit in 2008.

3. Equity Share Holders more than 5% of Equity Shares:

	% of Holding	No.of Shares as on 30-09-2012	% of Holding	No.of Shares as on 31-3-12
Vijay Kumar Wadhi	9.27	92663	9.27	92663
Uttam Kumar Majumdhar	9.62	96230	9.62	96230
3i Infotech Limited	74.00	740000	74.00	740000

Note : 2 : Reserves and Surplus :

Particulars	Figures as at end of the year ended 31-03-2015 (Amount in Rs.)	Figures as at end of the year ended 31-03-2014 (Amount in Rs.)
Surplus in Profit and Loss Account :		
Balance brought forward from Previous Year	22,16,46,081	20,22,45,570
Add: Profit for the Period	81,31,125	1,94,00,617
	22,97,77,206	22,16,46,186

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Note Forming Integral Part of the Balance Sheet as at 31st March 2015.

Note : 3: Long Term Borrowings :

Particulars	Figures as at end of the year ended 31-03-2015 (Amount in Rs.)	Figures as at end of the year ended 31-03-2014 (Amount in Rs.)
Acceptance from CISCO	3,00,58,681	4,62,55,214
Loan for Office	66,59,733	65,02,730
	3,67,18,414	5,27,57,944

a.Disclosure:

Particulars	Term Loan - 1	Term Loan - 2	Term Loan - 3	Term Loan - 4
Period of Maturity with reference to Balance Sheet date	12 Months	9 Months	33 Months	72 Months
No. of Instalments outstanding	1	3	11	12

b.Disclosure :

Arrangement with CISCO for deferred payment taken as Interest Free Term Loan.

The above arrangement is for deferred Revenue purchases from Redington (India) Limited, Ingram Micro India Limited Unsecured loan was taken from Ravi Aluri for a period of 5 years with an interest@12% p.a

Note : 4 Net Deferred Tax :

The Company has provided for Deferred Tax in accordance with the Accounting Standard on

"Accounting for Taxes on Income" (AS 22) issued by the Institute of Chartered Accountants of India. The

details of deferred tax assets and liabilities of the Company as on the date of Balance sheet are as follows:

Particulars	Figures as at end of the year ended 31-03-2015 (Amount in Rs.)	Figures as at end of the year ended 31-03-2014 (Amount in Rs.)
I. Deferred Tax Liability :		
On timing difference on depreciation of Fixed Assets	-40,37,062	3,84,66,641
II. Deferred Tax Asset :		
On account of timing difference in recognition of expense allowable on payment basis	(1,00,87,849)	(99,61,317)
	-141,24,911	2,85,05,324
Deferred Tax thereon rounded off	-45,83,000	92,49,000
Less: Provided for in the Previous Year	92,49,000	1,38,89,000
	-138,32,000	-46,40,000

Note : 5 Short Term Borrowings

Particulars	Figures as at end of the year ended 31-03-2015 (Amount in Rs.)	Figures as at end of the year ended 31-03-2014 (Amount in Rs.)
Secured Loan :		
Working Capital Loans	5,99,40,612	6,77,62,913
Unsecured Loans :		
Working Capital Loan	21,47,932	1,907
Total	6,20,88,544	6,77,64,820

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Note Forming Integral Part of the Balance Sheet as at 31st March 2015.

Particulars	Period of Maturity	Outstanding Amount	Rate of Interest	Overdue Amount and period
IDBI Cash Credit	Renewable ever year	5,99,40,612	Base rate + 4.75%	Nil
		5,99,40,612		
ICICI Cash Credit	- do-	21,47,932	i base + 10.50%	Nil

Secured Working Capital Loans are secured by 1st pari passu charge on all the current assets present and future of the Company and corporate guarantee given by 3i Infotech Limited.

Note : 6 Trades Payable

Particulars	Figures as at end of the year ended 31-03-2015 (Amount in Rs.)	Figures as at end of the year ended 31-03-2014 (Amount in Rs.)
-Sundry Creditors	51,92,51,169	16,30,87,272
Related Party Creditors	(1,25,66,162)	55,10,179
Sundry Creditors-Locuz Inc	16,14,642	
	50,82,99,649	16,85,97,451

Disclosure :

There are no dues to any creditors constituting "Suppliers" within the meaning of Section 2(n) of the Micro, Small and Medium Enterprises Development Act, 2006.

Note : 7 Other Current Liabilities

Particulars	Figures as at end of the year ended 31-03-2015 (Amount in Rs.)	Figures as at end of the year ended 31-03-2014 (Amount in Rs.)
Advance received from Customers	63,32,005	38,60,813
TDS Payable	14,86,155	33,88,244
Vat	18,94,136	1,27,770
Service Tax	29,29,560	54,90,421
Outstanding Liabilities	3,52,79,526	4,46,61,441
Acceptances from Cisco&others-Current	1,83,39,530	1,86,12,013
	6,62,60,912	7,61,40,701

Note : 8 Short Term Provisions

Particulars	Figures as at end of the year ended 31-03-2015 (Amount in Rs.)	Figures as at end of the year ended 31-03-2014 (Amount in Rs.)
Provision For Employees Benefit	83,00,483	75,42,547
Provision for Current Income Tax	1,91,91,000	15,98,000
	2,74,91,483	91,40,547

LOCUZ ENTERPRISE SOLUTIONS LIMITED

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Note Forming Integral Part of the Balance Sheet as at 31st March 2015

Note : 9 Fixed Asset

Sr. No	Particulars	Gross Block				Depreciaton				Net Block	
		Value at the beginning	Addition during the period	Deduction during the period	Value at the endof the period	Value at the beginning	Addition during the period	Deduction during the period	Value at the end of the period	WDV as on 31.03.2015	WDV as on 31.03.2014
	<u>Tangible Assets</u>										
1	Furniture and Fixtures	2,53,14,936	1,69,347	4,75,788	2,50,08,495	34,21,446	94,68,890	0	1,28,90,336	1,21,18,159	2,18,93,490
2	Office Equipments	66,34,232	1,34,942	0	67,69,174	16,76,448	39,55,261	0	56,31,709	11,37,465	49,57,784
3	Computers	9,25,63,691	55,06,989	41,475	9,80,29,205	5,09,67,010	3,94,99,258	20,773	9,04,45,495	75,83,710	4,15,96,681
4	Servers	17,72,615	0	0	17,72,615	8,27,220	3,03,455	0	11,30,675	6,41,940	9,45,395
	SUB TOTAL (A)	12,62,85,474	58,11,278	5,17,263	13,15,79,489	5,68,92,124	5,32,26,864	20,773	11,00,98,215	2,14,81,274	6,93,93,350
	(Previous Year)	10,35,49,924	2,27,77,024	41,475	12,62,85,473	4,12,86,299	1,56,07,575	1,750	5,68,92,124	6,93,93,349	6,22,63,625

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Note Forming Integral Part of the Balance Sheet as at 31st March 2015

Note : 10 : Long Term Loans and Advances :

Particulars	Figures as at end of the year ended 31-03-2015 (Amount in Rs.)	Figures as at end of the year ended 31-03-2014 (Amount in Rs.)
Rent Deposit	66,04,398	65,42,392
Deferred Revenue Expenditure	6,06,99,448	7,85,31,375
	6,73,03,846	8,50,73,767

The above arrangement is for deferred Revenue purchases from Redington (India) Limited and Ingram Micro India Limited and the same is financed by CISCO.

Note : 11 Inventories

Particulars	Figures as at end of the year ended 31-03-2015 (Amount in Rs.)	Figures as at end of the year ended 31-03-2014 (Amount in Rs.)
Valued at lower of Cost or net realisable value : Stock-in-Trade (In respect of goods acquired for Trading)	1,43,54,937	1,35,89,959
	1,43,54,937	1,35,89,959

Note : 12 Trade Recievables

Particulars	Figures as at end of the year ended 31-03-2015 (Amount in Rs.)	Figures as at end of the year ended 31-03-2014 (Amount in Rs.)
Unsecured, Considered Good		
Outstanding for Less than six months	63,14,55,189	27,47,94,530
Outstanding for More than six months	4,50,35,848	301,57,272
Related party Debtor	1,28,70,741	294,95,909
Less :Provision for bad and Doubtful debts	28,45,188	29,81,236
Unbilled Revenue	15,30,000	9,54,545
Sundry debtors-Locuz Inc	9,20,085	0
	68,89,66,675	33,24,21,020

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Note Forming Integral Part of the Balance Sheet as at 31st March 2015

Note : 13 Cash & Cash Equivalent

Particulars	Figures as at end of the year ended 31-03-2015 (Amount in Rs.)	Figures as at end of the year ended 31-03-2014 (Amount in Rs.)
Cash-in-Hand		
Cash Balance	51,085	29,329
Sub Total (A)	51,085	29,329
with Scheduled Banks:		
In Current Account	37,75,769	22,61,413
In Margin Money Account	1,23,15,677	1,56,21,126
Sub Total (B)	1,60,91,446	1,78,82,539
Total [A + B]	1,61,42,531	1,79,11,868

Note : 14 Short Terms Loans and Advances

Particulars	Figures as at end of the year ended 31-03-2015 (Amount in Rs.)	Figures as at end of the year ended 31-03-2014 (Amount in Rs.)
Advance to Staff	29,23,239	12,96,967
Other deposits	2,16,97,317	1,73,50,607
Advance Tax&TDS earlier years	6,10,18,579	3,44,80,189
Advance Tax and TDS -current year	1,76,23,392	1,99,93,165
<i>Other Advances</i>	38,38,657	6,17,822
	10,71,01,184	7,37,38,750

Disclosure :

Other Deposits includes Sales Tax and withholding Tax paid under protest.

Note : 15 Other Current Assets

Particulars	Figures as at end of the year ended 31-03-2015 (Amount in Rs.)	Figures as at end of the year ended 31-03-2014 (Amount in Rs.)
Deferred Revenue Expenditure	2,03,14,340	2,03,14,340
	2,03,14,340	2,03,14,340

The above arrangement is for deferred Revenue purchases from Redington (India) Limited and Ingram Micro India Limited is financed by CISCO.

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Note forming integral part of Profit and Loss account for the year ended 31st March, 2015

NOTE - 16 :

Revenue from Operations :

Particulars	<i>Figures as at end of the year ended 31-03-2015 (Amount in Rs.)</i>	<i>Figures as at end of the year ended 31-03-2014 (Amount in Rs.)</i>
I.T. Solutions	160,17,94,246	102,04,18,083
I.T.Services	37,37,46,864	25,36,73,619
Other Operating Revenue-I.T.Solutions	2,84,74,728	5,51,69,768
	200,40,15,838	132,92,61,470

Disclosure : Commission earned in the reporting period is on OEM Sales of Rs.128762449/- pertains to FY-14

NOTE - 17 :

Other Income :

Particulars	<i>Figures as at end of the year ended 31-03-2015 (Amount in Rs.)</i>	<i>Figures as at end of the year ended 31-03-2014 (Amount in Rs.)</i>
Interest Income	13,41,336	13,06,250
Other Miscellaneous Income	72,87,951	46,16,591
Profit On sale of Asset	4,298	
Provision for Bad Debts	1,36,048	
Liquidity Damages	0	43,53,057
Foreign Exchange Loss/Gain	18,29,288	0
	1,05,98,921	1,02,75,898

NOTE : 18 :

COST OF MATERIALS SOLD :

Particulars		<i>Figures as at end of the year ended 31-03-2015 (Amount in Rs.)</i>		<i>Figures as at end of the year ended 31- 03-2014 (Amount in Rs.)</i>
Purchases		139,89,58,993		88,19,50,600
Support Services		29,05,75,283		21,28,89,559
Add: Custom Duty	11203409.18		75,01,782	
Freight Charges	8490083.75		52,63,231	
Octroi charges	751933.53		1,15,926	
C & F	811880		8,13,781	
Warehousing charges	50757		2,67,378	
Transit Insurance	1030501		8,53,044	
Commission	5826849		50,82,858	
other direct expenditure	35510644	6,36,76,058	2,91,29,803	4,90,27,803
		175,32,10,334		114,38,67,961

NOTE : 19 :

CHANGES IN INVENTORIES :

Particulars	<i>Figures as at end of the year ended 31-03-2015 (Amount in Rs.)</i>	<i>Figures as at end of the year ended 31-03-2014 (Amount in Rs.)</i>
Opening Inventory	1,35,89,959	1,11,82,119
Closing Inventory	1,43,54,937	1,35,89,959
	-7,64,978	-24,07,840

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NOTE - 20 :

Employees Benefit Expenses :

Particulars	<i>Figures as at end of the year ended 31-03-2015 (Amount in Rs.)</i>	<i>Figures as at end of the year ended 31-03-2014 (Amount in Rs.)</i>
Salaries and Wages	10,48,11,000	9,49,87,723
Contribution to Provident Fund and Others	54,75,421	1,01,22,205
Staff Welfare Expenses	17,19,874	18,06,149
	11,20,06,295	10,69,16,077

Disclosure : Salaries and Wages includes Director's Remuneration.

NOTE - 21 :

Finance Cost :

Particulars	<i>Figures as at end of the year ended 31-03-2015 (Amount in Rs.)</i>	<i>Figures as at end of the year ended 31-03-2014 (Amount in Rs.)</i>
Interest Expenses	1,66,96,277	1,12,79,627
	1,66,96,277	1,12,79,627

NOTE - 22 :

OTHER EXPENSES :

Particulars	<i>Figures as at end of the year ended 31-03-2015 (Amount in Rs.)</i>	<i>Figures as at end of the year ended 31-03-2014 (Amount in Rs.)</i>
Auditors Fees	4,49,440	4,49,440
Electricity Charges	27,18,505	11,51,277
Rent	1,65,22,444	1,63,77,374
Rates and Taxes	28,01,089	11,81,909
Professional Charges	10,82,338	10,60,858
Miscellaneous Expenses	63,59,991	51,49,359
Rental And Equipment Maintenance	53,47,319	27,22,232
Provision for Bad and Doubtful debts	0	4,33,791
Bad debts	20,55,068	13,97,106
Loss on sale of Asset	0	39,725
Recruitment, Training and Seminar	8,57,363	9,18,662
Foreign Exchange Loss/Gain	0	37,29,245
Travelling and Conveyance	1,17,91,230	1,48,21,377
Postage, Telephone, Internet and Courier Charges	43,20,664	30,04,251
Advertisement and Business Promotion	53,79,485	66,62,973
Bank charges	59,87,400	64,38,656
	6,56,72,336	6,55,38,234

LOCUZ ENTERPRISE SOLUTIONS LIMITED

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CONSOLIDATED NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON 31ST MARCH, 2015

Schedule 24 - Significant Accounting Policies and Notes to the Financial Statements:

HISTORY:

Locuz Enterprise Solutions Limited was incorporated in the year 1999 and has over the last 14 years provided focused IT Infrastructure Services across the geography of India, with its Head Quarters at Hyderabad and having branches at Bangalore, Pune, Delhi, Chennai and Singapore and also during the current financial year a 100% subsidiary was opened in USA. Addressing the various IT Infrastructure needs in verticals like Education & Research, Defence, IT / ITES, Corporates in India, Locuz has emerged as a successful & profitable business operation owing to their niche specialization in certain areas of operation. What differentiates Locuz in the industry is its sole focus on Technology Infrastructure applied to select client industries where it provides end-to-end services capability (Plan, Acquire, Deploy, Maintain & Retire).

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1 Method of Accounting

The consolidated financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards issued by the Companies (Accounting Standards) Rules 2006 (to the extent notified), the provisions of the Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard required a change in accounting policy hitherto in use.

1.2 Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosures of an item or information in the financial statements are made relying on these estimates. Any revision to accounting estimates is recognized prospectively.

1.3 Revenue Recognition

Revenue from software products is recognized on delivery/installation, as per the predetermined/laid down policy across all geographies or lower, as considered appropriate by the management on the basis of facts in specific cases. Maintenance revenue in respect of products is deferred and recognized ratably over the period of the underlying maintenance agreement.

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The efforts of Support team involved in implementing the IT Solutions projects is recognized upto 1% of the value of IT Solutions revenue and recognized at quarterly intervals as service revenue

Liquidated damages and penalties are accounted as per the contract terms wherever there is a delayed delivery attributable to the Company and when there is a reasonable certainty with which the same can be estimated.

Revenue from IT services is recognized either on time and material basis or fixed price basis or based on certain measurable criteria as per relevant agreements. Revenue on time and material contracts is recognized as and when services are performed. Revenue on fixed-price contracts is recognized on the percentage of completion method. Provision for estimated losses, if any, on such uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

Revenue from transaction services and other service contracts is recognized based on transactions processed or manpower deployed.

Revenue from supply of Hardware/Outsourced Software License/Term License/Other Materials is incidental to the aforesaid services recognized based on delivery/installation, as the case may be. Recovery of incidental expenses is added to respective revenue

1.4 Unbilled Revenue

Unbilled revenues comprise revenues recognized in relation to efforts incurred, not billed as of the period end, where services are performed and goods procured for specific delivery are in the process of delivery in accordance with agreed terms..

1.5.a. Fixed Assets

Tangible: Fixed Assets are stated at cost, which comprises of purchase consideration and other directly attributable cost of bringing an asset to its working condition for the intended use.

Advances given towards acquisition of fixed assets and the cost of assets not ready for use as at the balance sheet date are disclosed under capital work-in-progress.

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1.5.b. Depreciation / Amortization:

Depreciation on fixed assets is provided on straight-line method at the rates and in the manner as prescribed in Schedule II to the Companies Act, 2013.

The company has adopted the useful life in some of the assets as specified in Schedule II of the Company Act 2013 and in case of Furniture and fixtures and Office equipment the life of the asset is taken as lower than in Schedule II.

S.no	Description of assets	Revised Useful life	Existing Useful life
1	Computers	3 years	6 years
2	Servers	6 years	6 years
3	Furniture and Fixtures	5 years	16 years
4	Equipments	5 Years	21-22 years

Had the company continued with the previously assessed useful lives, charge for Depreciation for the year ended 31st March, 2015 would have been lower by Rs 3,58,25,074 for assets held at April 1, 2014.

1.6 Impairment of Assets

In accordance with AS 28 on 'Impairment of Assets', where there is an indication of impairment of the Company's assets related to cash generating units, the carrying amounts of such assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of such assets is estimated as the higher of its net selling price and its value in use. An impairment loss is realizable whenever the carrying amount of such assets exceeds its recoverable amount. Impairment loss is recognized in the Profit & Loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to extent of the carrying value of the asset that would have been determined (net of amortization/depreciation) had no impairment loss been recognized.

1.7 Inventory

Inventories consist of hardware and supplies, and are stated at cost (computed on first in first out) or net realizable value, whichever is lower.

1.8 Accounting for Taxes on Income

Provision for current income tax is made on the basis of taxable income for the year in accordance with the Income Tax Act, 1961.

MAT credit asset is recognized and carried forward only if there is a reasonable certainty of it being set off against regular tax payable within the stipulated statutory period.

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Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred tax assets are recognized and carried forward only if there is a virtual/reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

1.9 Translation of Foreign Currency Items

Transaction in foreign exchange is initially recognized at the rates prevailing on the dates of transactions. Exchange difference arising out of restatement of foreign currency liabilities for acquisition of fixed assets are translated prevailing on the last working day of the accounting year is adjusted to the cost of fixed assets

All monetary assets and liabilities are restated at each balance sheet date using the closing rate. Resulting exchange difference is recognized as income or expense in that period.

1.10 Accounting of Employee Benefits

Employee Benefits to employees in India

a) Gratuity

Liability for Gratuity is provided on the basis of the actuarial valuation.

b) Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan to the Government administered Trust. Company also contributes to a Government administered pension fund on behalf of its employees.

c) Leave Encashment

Liability for leave salary payable to employee is provided for on actuarial valuation.

d) All actuarial gains/losses are charged to revenue in the period/year these arise.

1.11 Provisions, Contingent Liabilities and Contingent Assets

- i) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources.
- ii) Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.
- iii) Contingent Assets are neither recognized nor disclosed in the financial statement

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Performance guarantee is recognized as contingent liability up to previous year. The same have been not recognized as contingent liability based on guidance note on Revised schedule VI

1.12 Borrowing Costs

Borrowing costs directly attributable to acquisition, construction and production of qualifying assets are capitalized as a part of the cost of such asset upto the date of completion. Other borrowing costs are charged to the Profit & Loss account

1.13 Lease

Where the Company has substantially acquired all risks and rewards of ownership of the assets, leases are classified as financial lease. Such assets are capitalized at the inception of the lease, at the lower of fair value or present value of minimum lease payment and liability is created for an equivalent amount. Each lease rental paid is allocated between liability and interest cost so as to obtain constant periodic rate of interest on the outstanding liability for each year.

Where significant portion of risks and reward of ownership of assets acquired under lease are retained by lessor, leases are classified as Operating lease. Equalized lease rentals for such leases are charged to Profit & Loss account.

1.14 Earnings per share

In determining the earnings per share, the Company considers the net profit after tax and post tax effect of any extra-ordinary/exceptional item is shown separately. The number of shares considered in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares considered for computing diluted earnings per share comprises the weighted average number of shares used for deriving the basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares which includes potential FCCB conversions. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issues.

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2. NOTES TO ACCOUNTS

2.1 Capital commitments and contingent liabilities

	In Rupees	
	As at Mar 31, 2015	As at Mar 31, 2014
Capital Commitments :		
Contingent Liabilities not provided for in respect of:-		
Outstanding guarantees given by banks		
Estimated amount of claims against the Company not acknowledged as debts in respect of:		
- Disputed Income tax matters	97409	97409
- Disputed Sales tax matters	6900169	6900169
- Customer Claims	-	-

2.2 Direct Orders

Company has booked the orders directly on the OEM for which Commission has been earned.

	In Rupees	
	As at Mar 31, 2015	As at Mar 31, 2014
Direct Orders on OEM	3024209	128762449

2.3. Leases:

a. Operating Lease:

(i) All lease arrangements in respect of properties are renewable /cancelable at the Company's and/or lessors' option as mutually agreed. The future lease rental payment that the Company is committed to make is:

	In Rupees	
	As at Mar 31, 2015	As at Mar 31, 2014
- within one year	2560528	2688844
- later than one year and not later than five years	2149237	4709765
- later than five years	-	-

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b. Financial Lease:

There were no financial leases entered into by the Company.

2.4 Auditors' Remuneration

	In Rupees	
	As at Mar 31, 2015	As at Mar 31, 2014
Audit Fees	449440	336900
Tax Audit Fees	0	56180
Taxation Matters	0	56180
Total	449440	449440

2.5 Earnings Per Share

The earnings per share have been computed in accordance with the 'Accounting Standard 20 – Earnings Per Share. The numerators and denominators used to calculate Basic and Diluted Earnings Per Share:

		In Rupees	
		As at Mar 31, 2015	As at Mar 31, 2014
Profit/(Loss) attributable to Equity Shareholders (In Rupees)	A	84,30,887	1,94,00,617
Weighted average number of Equity Shares outstanding during the period (Nos.)	B	1000000	1000000
Nominal value of Equity Shares (In Rupees)		10	10
Basic Earnings Per Share (In Rupees)	A/B	8.43	19.40

2.6 Exchange Difference values in P&L

	In Rupees	
	As at Mar 31, 2015	As at Mar 31, 2014
Foreign Exchange -(Loss)		37,29,245
Foreign Exchange – Profit	18,29,288	

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2.7 Related Party Transactions

In accordance with the Accounting Standard No.18, the details of related party transactions are as follows: In Rupees

S.No.	Name of the Party	Relationship	Nature of Transaction	As at Mar 31, 2015	As at Mar 31, 2014
1.	3i-Infotech Limited	Parent Company	Income	7522807	44540277
			Expenses	2558267	12299591
..			Debtors	12870742	28958225
			Creditors	(12566162)	4281859
a.	Mr.Vijay Kumar Wadhi	Director	Remuneration	4500000	6000000
b.	Mr.Uttam Majumdar	Director	Remuneration	2832024	5250000
c.	Mr.Durganadh.K.Venkata	Director	Remuneration	3607920	5250000

2.8. Related party as identified by the management and relied upon by the auditor.

2.9. No balances in respect of the related parties have been provided for/written back/ written of except as stated above.

2.10: Realizable value of Current Assets, Loans and advances

In the opinion of the Board, the investments, current assets, loans and advances are realizable at a value, which is at least equal to the amount at which these are stated, in the ordinary course of business and provision for all known and determined liabilities are adequate and not in excess of the amount stated.

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2.11 Additional Information pursuant to Note 5 of Part II of the Revised Schedule – VI of the Companies Act.

In Rupees

	Particulars	As at Mar 31, 2015	As at Mar 31, 2014
1	CIF Value of Imports	99619474	45245338
2	Travelling Expenditure in Foreign Currency	423547	732988
3	Commission in Foreign Currency	2379814	5475571
4	Rebate in Foreign Currency	36428790	40930388
5	Goods and Services-Imported	99619474	45245338
6	Goods and Services – Indigenous	1535772281	1098714239

2.12 : Foreign exchange currency exposures

Particulars	Currency type	As at Mar 31, 2015		As at Mar 31, 2014	
		Amount (Foreign currency)	Amount (In Rupees)	Amount (Foreign currency)	Amount (In Rupees)
Current Assets, Loans and Advances	USD	6242907	390748533	2226859	133834205
Current Liabilities	USD	4857908	304060353	1453856	87376722

2.13 Figures for the previous year have been re-grouped / re-arranged, wherever considered necessary to confirm to current year's presentation.

For R B Kabra & Co
Chartered Accountants
Firm Regn.No.001650 S

For and on behalf of the Board

Kishore Kumar Kabra
Partner
Membership No.29772
Hyderabad,
Dated: 26th May, 2015

Vijay Kumar Wadhi Uttam K Majumdar
Director Director