

Audited Financial Results for the Quarter and Year ended March 31, 2015

Particulars	Standalone				Consolidated				(Rs. In Lacs)
	(Un-Audited) Quarter ended 31.12.2014	(Audited) Year ended 31.03.2014	(Un-Audited) Quarter ended 31.03.2015	(Audited) Year ended 31.03.2015	(Un-Audited) Quarter ended 31.03.2014	(Audited) Year ended 31.03.2014	(Un-Audited) Quarter ended 31.03.2015	(Audited) Year ended 31.03.2015	
PART I									
Income from operation	866.65		926.30	3,070.22	3,357.48	9,935.68	1,257.30	1,315.88	16,124.28
Reversal of sale of previous year									
Net Income									
Expenses									
a) (Increase)/decrease in stock in trade	197.90		0.92	(1,304.33)	198.67	804.66	(18.65)	18.92	4,009.19
b) Cost of sales and services	714.29		224.62	4,579.54	1,231.79	9,192.85	1,735.47	382.71	11,735.74
c) Employee cost	148.65		430.90	336.94	901.38	1,359.69	705.67	705.67	994.90
d) Depreciation and amortization	801.82		328.79	494.15	1,767.82	2,044.49	1,184.31	517.60	3,297.23
e) Other expenditure	2,271.20		196.89	7,467.85	5,791.07	17,144.07	2,144.37	10,392.94	23,770.46
Total Expenses	4,133.87		1,178.12	11,574.17	9,876.74	30,545.77	4,971.17	15,931.29	44,266.96
Profit from operations before Other Income and Interest	(3,267.21)		(251.82)	(8,553.95)	(6,519.25)	(20,611.60)	(3,713.87)	(3,713.87)	(28,142.67)
Other Income	507.08		117.75	(20.47)	881.25	1,071.29	(65.96)	147.43	931.07
Finance Cost	(2,760.13)		(134.07)	(8,574.42)	(5,637.98)	(19,538.81)	(3,779.83)	(457.85)	(27,211.60)
Profit before tax and exceptional items	(5,519.35)		(268.14)	(16,128.84)	(11,276.75)	(39,077.12)	(7,557.70)	(7,023.29)	(56,023.10)
Exceptional Item - Refer note 2	(2,778.83)		(171.75)	(9,794.81)	(6,060.83)	(21,310.64)	(3,545.25)	(8,236.90)	(29,884.59)
Exceptional Item - Refer note 3									
Profit/(Loss) before Tax	(2,778.83)		(171.75)	(9,794.81)	(6,060.83)	(21,310.64)	(3,545.25)	(8,236.90)	(30,196.19)
Provision for current tax	(534.00)		280.30	(1,238.39)	(727.50)	(1,312.00)	(616.04)	(812.99)	(1,995.39)
Net Profit for the period before minority interest	(2,255.83)		(452.05)	(8,556.22)	(5,333.33)	(19,998.12)	(2,929.21)	(442.96)	(28,200.80)
Minority Interest	(2,255.83)		(452.05)	(8,556.22)	(5,333.33)	(19,998.12)	(2,929.21)	(442.96)	(27,711.42)
Net Profit for the period after minority interest									
Paid up equity capital	2,005.83		2,005.83	2,005.83	2,005.83	2,005.83	2,005.83	2,005.83	2,005.83
Reserves excluding revaluation reserves	(42.66)		(42.66)	(42.66)	(42.66)	(42.66)	(42.66)	(42.66)	(42.66)
Basic (in Rs.)	(42.66)		(42.66)	(42.66)	(42.66)	(42.66)	(42.66)	(42.66)	(42.66)
Diluted (in Rs.)	1.31		1.31	1.31	1.31	1.31	1.31	1.31	1.31
PART II									
A. PARTICULARS OF SHAREHOLDING									
1. Public Shareholding									
a) Number of Equity Shares	16,351,157		16,069,157	15,144,157	16,251,157	15,144,157	15,144,157	15,144,157	15,144,157
b) Percentage of Shareholding	81.02%		80.11%	75.50%	81.02%	75.50%	75.50%	75.50%	75.50%
2. Promoters and Promoter Group Share Holding									
a) Pledged/Encumbered	5,500		187,500	1,112,500	5,500	1,112,500	5,500	5,500	1,112,500
b) Non-Encumbered	0.14%		4.70%	22.64%	0.14%	22.64%	0.14%	0.14%	22.64%
Percentage of shares (as % of the total shareholding of promoter and promoter group)	0.07%		0.94%	5.55%	0.02%	5.55%	0.02%	0.02%	5.55%
Percentage of shares (as % of the total share capital of the company)									
b) Non-Encumbered	3,801,593		3,810,593	3,801,593	3,810,593	3,801,593	3,801,593	3,801,593	3,801,593
Percentage of shares (as % of the total shareholding of promoter and promoter group)	99.86%		95.30%	77.36%	99.86%	77.36%	99.86%	99.86%	77.36%
Percentage of shares (as % of the total share capital of the company)	18.95%		18.95%	18.95%	18.95%	18.95%	18.95%	18.95%	18.95%

Particulars	Quarter ended 31/03/2015
B. INVESTOR COMPLAINTS	
Pending at the beginning of the quarter	0
Received during the quarter	3
Disposed of during the year	3
Remaining unresolved at the end of the quarter	0

Notes:
 1) The above statement of Financial Results for the year ended March 31, 2015 as reviewed by the Board of Directors have been taken on record at the meeting of the Board of Directors of the Company held on June 02, 2015.
 2) The Limited Review for the period ended March 31, 2015 has been carried out by the Statutory Auditors of the Company.
 3) The Company operates in a single business segment i.e. internet related services. The secondary segment reporting by geographical segment of the sales is 51.97.
 4) Previous period figures have been re-grouped and re-classified wherever necessary.



For Net 4 India Limited
 Amarjit Singh Sawhney
 Director

Audited Statement of Assets and Liabilities as at 31 March, 2015

Particulars	(Rs. in Lakhs)			
	Standalone		Consolidated	
	31.03.2015 (Audited)	31.03.2014 (Audited)	31.03.2015 (Audited)	31.03.2014 (Audited)
EQUITY AND LIABILITIES				
Shareholder's Fund				
Share Capital	2,005.83	2,005.83	2,013.28	2,007.09
Share Application Money				
Reserves & Surplus	(11,314.96)	(7,990.11)	(17,665.38)	(9,633.23)
Sub - total - Shareholders' funds	(9,309.13)	(5,984.28)	(15,652.10)	(7,626.14)
Minority Interest (note 4)				(705.82)
Non Current Liabilities				
Long Term Borrowings	3,762.21	2,999.63	6,070.08	3,289.66
Deferred Tax Liabilities				
Long Term Provisions	42.39	46.38	46.66	49.28
Sub - total - Non current liabilities	3,804.60	3,046.01	6,116.73	3,338.94
Current Liabilities				
Short Term Borrowings				
Trade Payables	12,652.51	13,288.70	18,193.80	19,364.03
Other Current Liabilities	286.31	2,186.65	2,101.89	2,248.98
Short Term Provisions	4,143.83	3,343.58	10,429.93	10,805.83
Sub - total - Current liabilities	54.82	45.77	56.21	46.95
Total Equity and Liabilities	11,632.93	15,926.43	21,246.47	27,472.78
ASSETS				
Non Current Assets				
Fixed Assets				
Long Term Investment	4,178.39	5,937.02	5,400.04	8,115.03
Long Term loans and Advances	2,499.39	490.90	71.46	71.46
Deferred Tax Liabilities	262.96	274.04	1,472.42	1,481.18
Sub - total - Non - current assets	1,136.43	409.93	1,511.25	596.35
Current Assets				
Current Investments	8,077.17	7,111.89	8,455.18	10,264.02
Inventories	1.46	1.46	1.46	1.46
Trade Receivables	49.41	248.08	346.74	325.10
Cash and Cash Equivalents	1,626.10	922.67	5,402.66	4,716.52
Short Term Loans & Advances	877.91	699.72	1,260.95	1,338.88
Other Current Assets	1,000.87	6,742.60	5,766.49	10,812.46
Sub - total - Current assets	12.97	12.97	12.97	14.35
Total Assets	3,555.76	8,814.53	12,791.29	17,208.78
Total Assets	11,632.93	15,926.43	21,246.47	27,472.78

Particulars	Quarter ended 31/03/2015
B. INVESTOR COMPLAINTS	
Pending at the beginning of the quarter	0
Received during the quarter	3
Disposed of during the year	3
Remaining unresolved at the end of the quarter	0

Notes:-

- 1) The above statement of Financial Results for the year ended March 31, 2015 as reviewed by the Board of Directors and have been taken on record at the meeting of the Board of Directors of the Company held on 2nd June 2015
- 2) The Audit for the FY ended March 31, 2015 has been carried out by the Statutory Auditors of the Company.
- 3) The Company operates in a single business segment i.e. internet related services. The secondary segment reporting by geographical segment of the sales is
- 4) Previous period figures have been re-grouped and re-classified wherever necessary.

Place : London

Date : 02 June 2015

For Net 4 India Limited

Amarjit Singh Sawhney
 Director

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**INDEPENDENT AUDITORS' REPORT**

To the Members of
NET4 INDIA LIMITED

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of **NET4 INDIA LIMITED**, ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and 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 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 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that are 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 thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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.

BASIS FOR QUALIFIED OPINION

- a.) During the financial year 2013-14 the Company had defaulted in repayment of principle and interest thereon of Term Loan from State Bank of India. Working Capital Loans taken from State Bank of India. State Bank of Travancore and Loan against FDR from Canara Bank. All the loans had been classified as Non-Performing Assets (NPA) by these banks. The status of these loans & credit facilities have remained the same during the current financial year.
- b.) Income Tax demand of Rs.132.78Lacs (Approx.) from AY 2004-05 to AY 2011-12 not deposited and appeals have been filed or in the process of filing.
- c.) Service Tax Amounting to Rs.8.33Crores (net) (Approx.) upto 31st March 2015 not deposited.
- d.) Provident Fund and ESI amounting to Rs.59.13Lacs (Approx.) upto 31st March, 2015 not deposited.
- e.) TDS amounting to Rs.68.59 Lacs(Approx.) as on 31st March 2015 not deposited.
- f.) VAT liability for certain branches still to be deposited.
- g.) Fixed Deposit amounting to Rs.13.77 crore (approx.) were due for repayment as on 31st March, 2015.

The company has written off bad debts amounting to Rs. 13.78Crores (Approx.) The company has no security for these debts. On the basis that no security has been obtained and no cash has been received on these debts, the company has written off bad debts thereby reducing the profit for the year (if any) and net assets at 31st March by that amount.

QUALIFIED OPINION

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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 31st March 2015, its profit/loss and its cash flows for the year ended on that date.

OTHER MATTER

As per statutory records produced before us and explanations given to us, our comment as follows:

- (i) There were no Independent Directors in the company leading to non-compliance of the provisions of the listing Agreement as well as the Companies Act 2013.
- (ii) There was no Woman Director in the Board of Directors of the company, leading to non-compliance of the applicable provision.
- (iii) There was no Audit Committee for the year.
- (iv) There was no Nomination and Remuneration Committee for the year.
- (v) There was no Risk Management Committee for the year.
- (vi) There was no Shareholder's & Investor Grievance Committee for the year.
- (vii) There was no Internal Auditor for the year.
- (viii) Non-Compliance of provisions relating to public deposit i.e. as per the requirements of Company (Acceptance of Deposit) Rules, 1975 a company has to deposit or invest at least 15% of its deposits maturing during the financial year latest by 30th April 2014. This requirement has not been complied by the company.



- (ix) The company has not provided service tax liability under reverse charge mechanism for the year.
- (x) The company has litigations filed against it under various counts like under section 138 of Negotiable Instrument Act, Arbitration, petition filed by ex-employee for recovery of dues, winding up petition, etc. The number of cases is large although the exact number of cases was not made available to us. As per available information & explanation provided by the management, the quantum of amount on these cases cannot be ascertained.
- (xi) The company had received winding up order from the Court on the basis of a petition filed by 2 companies due to non-repayment of loans. However, the company has obtained stay order from the court on the basis of repayment schedule submitted before it. The Court has stayed this order subject to payment of Rs. 25 Lacs in 4 weeks out of which Rs. 10 Lacs was paid immediately and for the balance, the company has time till 17th June, 2015.
- (xii) The company has written off bad debts amounting to Rs. 13.78 Crore (Approx).

Our Opinion is not qualified in respect of this matter.

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.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - c) The Balance Sheet, and Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) Except for the effects of the matter described in the Basis for qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Account) Rules 2014.
 - e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.



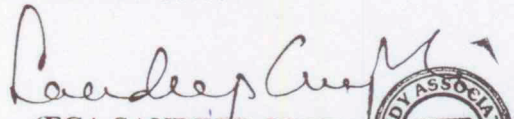
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g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanation given to us:

- (i) The Company does have pending litigations which may have impact on its financial position. Refer Note no40 of the "Notes to Accounts" of Balance Sheet.
- (ii) The Company did not have any long term contracts including derivative contracts: as such the question of commenting on any material foreseeable losses thereon does not arise.
- (iii) There has not been an occasion in case of the company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

For Sandy Associates
Chartered Accountants
FRN: 007337N


(FCA SANDEEP GUPTA)
Proprietor
Membership No. : 086069



Place : New Delhi
Date : 2nd June, 2015



The Annexure referred to in paragraph 1 of the Our Report of even date to the members of NET4 INDIA LIMITED on the accounts of the company for the year ended 31st March, 2015.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars quantitative details. However, situation of its fixed assets have not been mentioned.
(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
2. (a) The physical verification of inventories was carried out by the management from time to time.
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification and the same have been properly dealt with in the books of account.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act. Consequently, the provisions of clauses iii (a) and iii (b) of the order are not applicable to the Company.

In case of loans taken from other parties in earlier years, repayment of principle as well as interest has been irregular.

4. In our opinion and according to the information and explanations given to us, there is generally an *adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods & services except mentioned in Other Matter paragraph of Independent Auditor's Report.* During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.

5. The Company has not accepted any deposits from the public covered under section 73 to 76 of the Companies Act, 2013 during the year. However, public deposits were accepted in earlier years. Earlier, deposits were governed by the *provisions of Sections 58A of the Companies Act, 1956 and the rules framed thereunder relating to the deposits accepted, same were, wherever applicable, have not been complied with. The company has defaulted in repayment of principal and interest thereon w.e.f. August 2013.*

During the financial year 2014-15, the company has paid amount of principle & interest of Rs. 25.34 Lac (approx.). Total amount payable (due plus overdue amount) as on 31.03.2015 was Rs.13.77 Crore (approx.). During the year, the company had received 423 approx. complaints, out of which 84 approx. complaints were resolved.

As per explanation and records produced, the reason for default has been due to heavy losses resulting to cash crunch in the company leading to bouncing of cheques issued towards repayment of deposits (principal and interest). This has also led to closure of the bank account from where cheques had been issued.



It has also come to our notice that due to default in repayment of deposits by the company some of the investors have issued notices to the company in order to instigate proceedings against the company before the Court or Company Law Board or National Company Law Tribunal under relevant sections of The Companies Act and Negotiable Instruments Act (against cheque bouncing) for repayment or winding up.

Further, as per the requirements of Company (Acceptance of Deposit) Rules, 1975 a company has to deposit or invest at least 15% of its deposits maturing during the financial year latest by 30th April 2014 i.e. in the beginning of the year in any of the specified assets which could be utilised for repayment of deposits maturing during the year but at no time the amount shall fall below 10% of the amount maturing before 31st of that year. However, the company has not complied with this provision of the clause.

As per further information & explanation provided to us, the company has filed a repayment scheme with the Company Law Board for rescheduling payments to FD Holders. In the interim, the company has paid interest and principal to a number of FD holders who demonstrated genuine hardship cases. The company has also forwarded their revival plan, which include paying FD holders as per the scheme, settling all statutory dues and also setting all overdue debts.

6. As per information & explanation given by the management, maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 148 of the Act and hence this clause is not applicable to the company.
7. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have not been regularly deposited with the appropriate authorities. According to the information and explanations given to us, there were outstanding statutory dues as on 31st of March, 2015 for a period of more than six months from the date they became payable, which are as follows:

Particulars	Amount (Rs. In lacs)
Tax Deducted at source	49.20
Service Tax	591.22 (Accrual basis, not collection)
Professional Tax	0.05
PF and ESI	48.48

(b) According to the information and explanations given to us, there were amount payable in respect of income tax, service tax, sales tax, which have not been deposited on account of disputes.

INCOME TAX

Income Tax for the following years has not been deposited with the appropriate authorities on account of dispute. The company has filed the appeal before the Commissioner of Income Tax (Appeals)/ITAT/High court/other forums/in the process of filing the appeal. The details are as under :

Assessment Year	Amount (Rs. In lacs)
2004-05	2.59*
2005-06	6.20*
2006-07	1.50*



2008-09	30.28*
2009-10	285.53*
2010-11	723.67*
2011-12	271.43

* Source - As per information available at Income Tax website and appeals filed by the company at various forums.

SERVICE TAX

Matter relating to	Amount Involved (Rs. In Lacs)	Forum
Taxability on SSL Certificate – whether VAT applicable or Service tax applicable	91.84 (Approx.) (excluding Interest & Penalty)	The company has filed an appeal before the Mumbai High Court and Commissioner Appeals.
Taxability of Domain prior to July 2012. (period from 2008-09 to 2011-12)	1141.64(Approx.) (excluding Interest & penalty)	Service Tax Department, Indraprastha, New Delhi

SALES TAX

Matter description	Amount Involved (Rs. In Lacs)	Forum
Dispute regarding entitlement of Input Vat Credit (2010-11)	15.05 (Approx.) (excluding Interest & Penalty)	MVAT Department, Mumbai
Liability created by Department	4.75 (Approx.) (excluding Interest & penalty)	MVAT Department, Mumbai

- (c) There was no 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.
8. The accumulated losses of the company at the end of the financial year are more than the net worth and also it has incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
 9. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has been in default in repayment of dues to a financial institution, bank or other lenders.
 10. According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions. Terms loans, other credit limits and loan from financial institutions were unpaid and the dues have been classified as Non-Performing Assets (NPA) by the banks.

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11. During the year, no fresh term loans taken by the company. However, term loans taken in earlier years, were in unpaid and classified as Non-Performing Assets (NPA) by the bank.
12. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For Sandy Associates
Chartered Accountants
FRN: 007337N

Sandeep Gupta

(FCA SANDEEP GUPTA)
Proprietor
Membership No. : 086069



Place : New Delhi
Date : 2nd June, 2015

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INDEPENDENT AUDITOR'S REPORT
To the Members of NET 4 INDIA LIMITED,

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **NET 4 INDIA LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities, comprising of the Consolidated Balance Sheet as at 31st March 2015, the Consolidated statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and jointly controlled entities 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. The respective Board of Directors of the companies included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 thereafter.

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and its disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 whether the Holding Company has an adequate internal financial controls system over financial reporting in place 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

- a) i) During the financial year 2013-14 there was default in repayment of principle and interest thereon of Term Loan from State Bank of India. Working Capital Loans taken from State Bank of India. State Bank of Travancore and Loan against FDR from Canara Bank. All the loans had been classified as Non-Performing Assets (NPA) by these banks. The status of these loans & credit facilities have remained the same during the current financial year.
- ii) Income Tax demand of Rs.152.20Lacs (Approx.) from AY 2004-05 to AY 2011-12 not deposited and appeals have been filed or in the process of filing.
- iii) Service Tax Amounting to Rs. 12.70 Crores (net) (Approx.) upto 31st March 2015 not deposited.
- iv) Provident Fund and ESI amounting to Rs.59.13 Lacs (Approx.) upto 31st March, 2015 not deposited.
- v) TDS amounting to Rs.305.95Lacs (Approx.) as on 31st March 2015 not deposited.
- vi) VAT liability for certain branches still to be deposited.
- vii) Fixed Deposit amounting to Rs.13.77 crore (approx.) were due for repayment as on 31st March, 2015.
- viii) Bad debts amounting to Rs. 13.78 Crores (Approx.) have been written off and a provision of Rs.1.27 Crores (Approx.) has been made. There was no security for these debts. On the basis that no security has been obtained and no cash has been received on these debts, bad debts were written off and also provision for bad debts was made thereby reducing the profit for the year (if any) and net assets at 31st March by that amount.

b) In the case of subsidiary of the Holding Company not audited by us, the other auditor who has audited the subsidiary has reported the following:

- i) Service Tax amounting Rs.25.73 Lacs for FY 11-12, Rs.396.58 lacs for 2012-13 and Rs.33.80 Lacs for 2013-14 not deposited.
- ii) Provident Fund of Rs. 1.47 lacs and ESI of Rs. 0.35 lacs for FY 2014-15 not deposited.
- iii) TDS amounting to Rs. 65.75 Lacs for the year 2012-13, Rs. 32.59 Lacs for the year 2013-14 and Rs.9.69 Lacs for the year 2014-15 not deposited.
- iv) The company has written off bad debts amounting to Rs. 4.71 Crore. The company has no security for these debts. On the basis that no security has been obtained and no cash has been received on these debts, the company has written off bad debts, thereby reducing profit before taxation for the year (if any) and net assets at 31st March by that amount.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated 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 consolidated state of affairs of the Group, its associates and jointly controlled entities at 31st March, 2015, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date.



Other Matters

1. We did not audit the financial statements of the subsidiary, Net 4 Communications Limited, whose financial statements reflect total assets of Rs. 8,892 lakhs as at March 31, 2015 and total revenues of Rs. 24 lakhs and net cash outflow amounting to Rs. 1.65 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. 1,350 lakhs for the year ended 31st March, 2015, as considered in the consolidated financial statements, in respect of Net 4 Communications Limited, whose financial statements have not been audited by us. These financial statements have been audited by other auditor whose report have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditors.
2. The consolidated financial statements include the unaudited financial statement of a subsidiary Net4 HK Ltd. whose financial statements reflect liabilities of Rs. 2.53 Lakhs as at 31st March, 2015, NIL revenue and cash flow for the year ended on that date, as considered in the consolidated financial statements. Our opinion, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on such unaudited financial statement.

Our opinion on the consolidated financial statements, and our report on other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

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, based on the comments in the auditor's reports of the Holding company, subsidiary companies, associate companies and jointly controlled companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order, to the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and, except for the possible effect of the matter described in sub-paragraph (b) of the Basis for Qualified Opinion above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) Except for the matter described in sub-paragraph (b) of the Basis for Qualified Opinion paragraph above, the reports on the accounts of the branch offices of the Holding Company, and its subsidiaries, associates companies and jointly controlled companies *incorporated in India*,

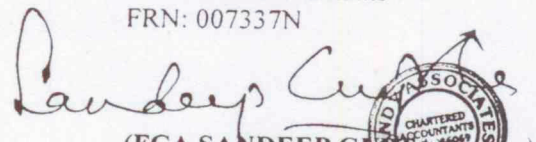


CONSOLIDATED AUDITOR'S REPORT – NET 4 INDIA LIMITED – 2014-15

audited under section 143(8) of the Act by branch auditors have been sent to us/the other auditors, as applicable, and have been properly dealt with in preparing this report.

- (d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (e) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (f) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.
- (g) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, associate companies and jointly controlled companies incorporated in India, none of the other directors of the Group's companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- (h) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us:
- (j) Except for the possible effect of the matter described in sub-paragraph (a &b) of the Basis of Qualified Opinion above, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities – Refer Note40 to the consolidated financial statements.
- (ii) Except for the possible effect of the matter described in sub-paragraph (a &b) of the Basis of Qualified Opinion above, the Group, its associates and jointly controlled entities did not have any material foreseeable losses on long term contracts including derivative contracts.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

For Sandy Associates,
Chartered Accountants
FRN: 007337N


(FCA SANDEEP GUPTA)
(Proprietor)
Membership No. : 86069



Place: New Delhi
Date: 2nd June, 2015



The Annexure referred to in paragraph 1 of the Our Report of even date to the members of NET4 INDIA LIMITED on the consolidated accounts of the company for the year ended 31st March, 2015.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars quantitative details. However, situation of its fixed assets have not been mentioned.

(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
2. (a) The physical verification of inventories was carried out by the management from time to time.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification and the same have been properly dealt with in the books of account.
3. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 189 of the companies Act. Consequently, the provisions of clauses iii (a) and iii (b) of the order are not applicable to the Company.

In case of loans taken from other parties in earlier years, repayment of principle as well as interest has been irregular.

4. In our opinion and according to the information and explanations given to us, there is generally an *adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods & services except mentioned in Other Matter paragraph of Independent Auditor's Report.* During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. The Company has not accepted any deposits from the public covered under section 73 to 76 of the Companies Act, 2013 during the year. However, public deposits were accepted in earlier years. Earlier, deposits were governed by the *provisions of Sections 58A of the Companies Act, 1956 and the rules framed thereunder relating to the deposits accepted, same were, wherever applicable, have not been complied with. The company has defaulted in repayment of principal and interest thereon w.e.f. August 2013.*

During the financial year 2014-15, the company has paid amount of principle & interest of Rs. 25.34Lac (approx.). Total amount payable (due plus overdue amount) as on 31.03.2015 was Rs.13.77 Crore(approx.). During the year, the company had received 423 approx. complaints, out of which 84 approx. complaints were resolved.



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As per explanation and records produced, the reason for default has been due to heavy losses resulting to cash crunch in the company leading to bouncing of cheques issued towards repayment of deposits (principal and interest). This has also led to closure of the bank account from where cheques had been issued.

It has also come to our notice that due to default in repayment of deposits by the company some of the investors have issued notices to the company in order to instigate proceedings against the company before the Court or Company Law Board or National Company Law Tribunal under relevant sections of The Companies Act and Negotiable Instruments Act (against cheque bouncing) for repayment or winding up.

Further, as per the requirements of Company (Acceptance of Deposit) Rules, 1975 a company has to deposit or invest at least 15% of its deposits maturing during the financial year latest by 30th April 2014 i.e. in the beginning of the year in any of the specified assets which could be utilised for repayment of deposits maturing during the year but at no time the amount shall fall below 10% of the amount maturing before 31st of that year. However, the company has not complied with this provision of the clause.

As per further information & explanation provided to us, the company has filed a repayment scheme with the Company Law Board for rescheduling payments to FD Holders. In the interim, the company has paid interest and principal to a number of FD holders who demonstrated genuine hardship cases. The company has also forwarded their revival plan, which include paying FD holders as per the scheme, settling all statutory dues and also setting all overdue debts.

6. As per information & explanation given by the management, maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 148 of the Act and hence this clause is not applicable to the company.
7. (a) According to the records of the company (Holding and subsidiaries), undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess to the extent applicable and any other *statutory dues have not been regularly deposited with the appropriate authorities*. According to the information and explanations given to us, there were outstanding statutory dues as on 31st of March, 2015 for a period of more than six months from the date they became payable, which are as follows:

Particulars	Amount (Rs. In lacs)
Tax Deducted at source	286.72
Service Tax	1158.19 (Accrual basis, not collection)
Professional Tax	0.30
PF and ESI	48.48

(b) According to the information and explanations given to us, there were amounts payable in respect of income tax, service tax, sales tax, which have not been deposited on account of disputes.

INCOME TAX



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Income Tax for the following years has not been deposited with the appropriate authorities on account of dispute. The companies (Holding and subsidiaries) has filed the appeal before the Commissioner of Income Tax (Appeals)/ITAT/High court/other forums/in the process of filing the appeal. The details are as under :

Assessment Year	Amount (Rs. In lacs)
2004-05	2.59*
2005-06	6.20*
2006-07	1.50*
2007-08	8.62*
2008-09	111.78*
2009-10	435.49*
2010-11	730.07*
2011-12	1171.56*
2012-13	9.39*

* Source - As per information available at Income Tax website and appeals filed by the company at various forums.

SERVICE TAX

Matter relating to	Amount Involved (Rs. In Lacs)	Forum
Taxability on SSL Certificate – whether VAT applicable or Service tax applicable	91.84 (Approx.) (excluding Interest & Penalty)	The company has filed an appeal before the Mumbai High Court and Commissioner Appeals.
Taxability of Domain prior to July 2012. (period from 2008-09 to 2011-12)	1141.64(Approx.) (excluding Interest & penalty)	Service Tax Department, Indraprastha, New Delhi

SALES TAX

Matter description	Amount Involved (Rs. In Lacs)	Forum
Dispute regarding entitlement of Input Vat Credit (2010-11)	15.05 (Approx.) (excluding Interest & Penalty)	MVAT Department, Mumbai
Liability created by Department	4.75 (Approx.) (excluding Interest & penalty)	MVAT Department, Mumbai

(c) There was no 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 there under.

8. The accumulated losses of the company as at the end of the financial year are more than the net worth



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and also it has incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year. **In a subsidiary** the accumulated losses of the company at the end of the financial year are not more than the net worth, but, it has incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year. **In a subsidiary audited by another auditor** the accumulated losses of the company at the end of the financial year are more than the net worth and also it has incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.

9. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has been in default in repayment of dues to a financial institution, bank or other lenders.
10. According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions. Terms loans, other credit limits and loan from financial institutions were unpaid and the dues have been classified as Non-Performing Assets (NPA) by the banks.
11. During the year, no fresh term loans taken by the company. However, term loans taken in earlier years, were in unpaid and classified as Non-Performing Assets (NPA) by the bank.
12. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

Place : New Delhi
Date : 2nd June, 2015

For Sandy Associates
Chartered Accountants
FRN: 007337N

Sandeep Gupta
(FCA SANDEEP GUPTA)
Proprietor
Membership No. : 086069

