



ANNUAL REPORT

NET 4 INDIA LIMITED

2015-2016



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ANNUAL GENERAL MEETING – Friday, 30th September, 2016

TIME: –11:30 A.M.

VENUE – Paradise & Tribe Brunch Aruna Asaf Ali Road Vasant Kunj New Delhi 110070

BOOK CLOSURE DATE - Friday, September 23, 2016 to Thursday, September 29, 2016
(both days inclusive)

IMPORTANT COMMUNICATION TO MEMBERS

Ministry of Corporate Affairs had announced “green initiatives in the Corporate Governance” and permitted companies to service notices / documents including Annual Report to the members of the company on their email addresses. All those Shareholders who have not yet registered their email ids or holding shares in physical form are requested to register their email ids with NSDL/CDSL and/or our RTA.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DIRECTORS

Jasjit Singh Sawhney

Amarjit Singh Sawhney

Surya S. Chadha

AUDITORS

M/s Laxmi Tripti & Associates

Chartered Accountant

Aappura, Pratibha Building,

Jawahar Chowk, Durg, C.G.-491001

MAJOR SUBSIDIARIES

S.NO	NAME	DETAIL
1.	Net4 Network Services Limited	CIN: U72200DL2011PLC219357 Date of Incorporation: 18/05/2011 Registered office: 303A Third Floor, Plot No.-3 Pocket H Market Sarita Vihar, Delhi-110076
2.	Pipetel Communications Private Limited	CIN: U64200DL2009PTC193950 Date of Incorporation: 04/09/2009 Registered office: 139-A-1 S/F Mohammadpur, New Delhi-110061
3.	Net4 HK Limited	Certificate of Incorporation: 1598959 Date of Incorporation: 11/05/2011 Registered office: Hong kong

COMPANY IDENTIFICATION NO:

L72200DL1985PLC022649

OFFICES

REGISTERED OFFICE

139-A-1 S/F Mohammadpur, New Delhi-110061
Tel: +91 – 11 – 26711150 / 54
Fax: +91 – 11 – 41653217

CORPORATE OFFICE

D – 25, Sector – 3 Noida
Uttar Pradesh – 201 301, India
Tel: +91 – 120 – 4323500
Fax: +91 – 120 – 4323520

REGISTRAR AND TRANSFER AGENT

Karvy Computershare Pvt. Ltd.

Kary Registry House 46 Avenue-4 Street No.-1
Banjara Hills Hyderabad - 500034
Phone: +91 40 2331 2425
Email: ienward.ris@karvy.com
Fax:+91 40 2331 1968

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 30th Annual General Meeting of the members of NET 4 INDIA LIMITED (CIN: L72200DL1985PLC022649) will be held at Paradise & Tribe Brunch Aruna Asaf Ali Road Vasant Kunj New Delhi 110070 on Friday, 30th September, 2016 at 11:30 AM to transact the following businesses:

ORDINARY BUSINESS:-

Item no. 1: To receive, consider and adopt the Financial Statement of the Company for the year ended 31st March, 2016 including Audited Balance Sheet as at 31st March, 2016 and the Statement of the Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

Item no. 2: To reappoint Mr. Jasjit Singh Sawhney (DIN 00111020), as Director, who retires by rotation and being eligible, offers himself for re-appointment.

Item no. 3: To appoint M/s Laxmi Tripti & Associates, Chartered Accountants (Firm Reg. No. 009189C), as Statutory Auditors of the Company for a period of 4 years commencing from this Annual General Meeting upto the conclusion of 33rd Annual General meeting of the Company subject to the annual ratification at every Annual General Meeting by the members and to fix their remuneration for the financial year ending 31st March, 2017 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof) and pursuant to the recommendations of the Board of Directors, M/s Laxmi Tripti & Associates, Chartered Accountants (Firm Reg. No. 009189C), is be and hereby appointed as the Statutory Auditor of the Company to hold office from conclusion of this meeting till the conclusion of the 33rd Annual General Meeting of the Company subject to the Annual ratification by the members in the General meeting on a remuneration to be fixed by the Board of Directors of the Company, in addition to the service tax and actual out of pocket expenses incurred in connection with the audit of the accounts of the Company to be reimbursed for the financial year ending March 31, 2017.”

By Order of the Board

For NET 4 INDIA LIMITED

Sd/-

AMARJIT SINGH SAWHNEY

Director

DIN 00110823

**Address: 70, Poorvi Marg, Vasant Vihar,
New Delhi-110057**

NOTES:-

1. The Register of Members and the Share Transfer books of the Company will remain closed from Friday, September 23, 2016 to Thursday, September 29, 2016 (both days inclusive).
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

The instrument of Proxy in order to be effective should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

3. The Company has not recommended any dividend for the year 2015-2016.
4. Under Section 124 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. However the Company does have any amount lying with them which is required to be transferred to IEPF.
5. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
7. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company for registration of transfer of securities.

8. Details as required in sub-regulation (3) of Regulation 36 of the Listing Regulations in respect of the Directors seeking appointment/ re-appointment at the Annual General Meeting, forms integral part of the notice. Requisite declarations have been received from the Directors for his appointment/ reappointment.
9. Electronic copy of the Annual Report for 2016 is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2016 is being sent in the permitted mode.
10. Electronic copy of the Notice of the 30th Annual General Meeting of the Company inter alia indicating the process and manner of electronic voting ('e-voting') along with Attendance Slip, Proxy Form and Route Map is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 30th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip, Proxy Form and Route Map is being sent in the permitted mode.
11. Members may also note that the Notice of the 30th Annual General Meeting, Attendance Slip, Proxy Form, Route Map, Ballot Paper and the Annual Report for 2016 will also be available on the Company's website www.net4.in for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office at New Delhi for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost.
- 12. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.**
13. Members are requested to send their queries, if any, at least seven days in advance of the meeting so that the information can be made available at the meeting.
14. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically

15. VOTING THROUGH ELECTRONIC MEANS:

- (i) Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Listing Regulations and Secretarial standards on General Meetings (SS 2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting') provided by Karvy Computershare Private Limited ("Karvy").
- (ii) The facility for voting through ballot paper shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to vote at the Meeting through ballot paper.
- (iii) The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
- (iv) The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the Agency to provide e-voting facility.
- (v) The Board of Directors of the Company has appointed Ms. Juhi Kathuria, a Practicing Company Secretary, New Delhi as Scrutinizer to scrutinize the voting at AGM and remote e-voting process in a fair and transparent manner and she has communicated her willingness to be appointed and will be available for same purpose.
- (vi) **Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 23rd September 2016.**
- (vii) **A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. 23rd September 2016 only shall be entitled to avail the facility of remote e-voting as well as voting at AGM through polling paper.**
- (viii) Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. **23rd September 2016**, may obtain the User ID and password in the manner as mentioned below:

- a) If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS: **MYEPWD**<space> E-Voting Event Number+Folio No. or DP ID Client ID to **9212993399**

Example for NSDL: MYEPWD <SPACE> IN12345612345678

Example for CDSL : MYEPWD <SPACE> 1402345612345678

Example for Physical : MYEPWD <SPACE> XXXX1234567890

- b) If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click “Forgot Password” and enter Folio No. or DP ID Client ID and PAN to generate a password.
- c) Member may call Karvy’s toll free number 1800-3454-001
- d) Member may send an e-mail request to evoting@karvy.com. If the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.

- (ix) The remote e-voting facility will be available during the following period:
Commencement of remote e-voting : From 09:00 a.m. (IST) on September 26, 2016

End of remote e-voting : Up to 05:00 P.M. (IST) on September 29, 2016

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting Module shall be disabled by Karvy upon expiry of aforesaid period.

- (x) The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith. The results declared along with the consolidated scrutinizer’s report shall be placed on the website of the Company www.net4.in and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to Stock Exchanges.
- (xi) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. September 30, 2016.
- (xii) **Instructions and other information relating to remote e-voting:**

A. In case of Members receiving Notice through mail:

- a. Open e-mail and open PDF File viz. “.....pdf” with you client ID or folio No. as password. The said PDF File contains your user ID and password for e-voting. Please note that the password is an initial password.
- b. Use the following URL for e-voting: From Karvy website: <http://evoting.karvy.com>
- c. Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically.
- d. Enter the login credentials. Your Folio No/DP ID Client ID will be your user ID.
- e. After entering the details appropriately, click on LOGIN.
- f. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc., on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- g. You need to login again with the new credentials.
- h. On successful login, the system will prompt you to select the EVENT i.e., **Net 4 India Limited**
- i. On the voting page, enter the number of shares as on the cut-off date under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN.
- j. Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
- k. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the Resolution.
- l. Once the vote on the Resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
- m. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [scrutinizer mail id \(juhikathuria92@gmail.com\)](mailto:scrutinizer@karvy.com) with a copy marked to evoting@karvy.com.
- n. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the

download section of <http://evoting.karvy.com> or contact Karvy Computershare Pvt. Ltd at Tel No. 1800 345 4001 (toll free).

B. In case of members receiving notice through post/courier:

- (i) Initial password is provided, as below, in the attendance slip of the AGM.

EVEN (E Voting Event Number)	User ID	Password

- (ii) Please follow all steps mentioned in Sr. No. (xii)(A)(b) to (xii)(A)(n) to cast your vote by electronic means.

- 16.** All documents referred to in the Notice and Explanatory Statement is available for inspection at the Registered Office of the Company during the business hours between 2.00 PM and 4.00 PM on all working days of the Company.
- 17.** Members attending the Meeting are requested to complete the enclosed slip and deliver the same at the entrance of hall.
- 18.** The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in Securities Market. Members holding shares in physical form should submit their PAN details to the Company or Registrar and Transfer Agent i.e. Karvy Computershare Pvt. Ltd.
- 19.** Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
- 20.** Consequent upon the introduction of Section 72 of the Companies Act, 2013, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form SH 13 (which will be made available on request) to the Registrar and Transfer Agents.

ANNEXURE TO THE NOTICE
DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AS
REQUIRED UNDER REGULATION 36 OF THE LISTING REGULATIONS:

Particulars	Jasjit Singh Sawhney
Date of Birth	30/09/1973
Date of Appointment	05/01/2000
Qualifications	Graduate
Expertise in Specific Functional Area	He is B.A. Hons (Law & Economics) having vast knowledge and expertise in the Internet, Web Services and IT related industry.
Directorships held in other public companies (excluding foreign companies and Section 8 companies)	1. Net4 Network Services Limited 2. Net 4 Technologies Limited
Memberships / Chairmanships of committees of other public companies (includes only Audit Committee and Stakeholders' Relationship Committee)	Stakeholders' Relationship Committee 1. Net4 India Limited
Number of share held in the Company	Nil

By Order of the Board

For NET 4 INDIA LIMITED

Sd/-

AMARJIT SINGH SAWHNEY

Director

DIN 00110823

**Address: 70, Poorvi Marg, Vasant Vihar,
New Delhi-110057**

**Form No. MGT-11
Proxy form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN:	L72200DL1985PLC022649
Name of the company:	NET 4 INDIA LIMITED
Registered office:	139-A-1 S/F Mohammadpur, New Delhi-110061

Name of the member(s):
Registered address:
Email Id:
Folio No./Client Id:
DP ID:

I/We, being the member (s) of shares of the above named company, hereby appoint

1.	Name:	
	Address:	
	E-mail Id:	
	Signature:	
2.	Name:	
	Address:	

	E-mail Id:	
	Signature:	

3.	Name:	
	Address:	
	E-mail Id:	
	Signature:	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th Annual general meeting of the company, to be held on the 30th day of September, 2016 At 11:30 AM at Paradise & Tribe Brunch Aruna Asaf Ali Road Vasant Kunj New Delhi 110070 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Particulars
1.	Consider and adopt the audited Profit & Loss Account for the year ended March 31, 2016 and the Balance Sheet as at that date and the Report of the Board of Directors and the Auditors of the Company thereon
2.	Re-appointment of Mr. Jasjit singh who retires by rotation
3.	Appointment of M/s Laxmi Tripti & Associates, Statutory Auditors and fixation of their remuneration of the Company

Signed this day of September, 2016

Signature of shareholder

Signature of Proxy holder(s)

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
2. A Proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the

Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

4. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.

NET 4 INDIA LIMITED CIN:L72200DL1985PLC022649 Regd office:-139-A-1 S/F Mohammadpur New Delhi-110061 IN <u>ATTENDANCE SLIP</u>	
Ledger Folio no. / Client ID. / DP ID.	
Name of Member.....	No. of Shares
Name of the Proxy (if attending for member)	
I HEREBY RECORD MY PRESENCE AT THE 30 TH ANNUAL GENERAL MEETING OF M/s NET 4 INDIA LIMITED ON FRIDAY, SEPTEMBER 30, 2016 AT 11:30 AM AT Paradise & Tribe Brunch Aruna Asaf Ali Road Vasant Kunj New Delhi 110070	
Note:	SIGNATURE OF THE MEMBER /PROXY
Please produce this admission slip duly filled in and signed at the entrance to the meeting. No duplicate slip will be issued at the meeting. Further the shareholders are requested to carry their Identity Proof	

ROUTE MAP



DIRECTOR'S REPORT

To The Members of

NET 4 INDIA LIMITED

We are pleased to present the 30th Annual Report together with the audited financial statements of the company for the financial year ended March 31, 2016. Consolidated performance of the Company and its subsidiaries has been referred to wherever required.

1. OPERATIONAL RESULTS

The summary of the financial performance of the Company for the financial year ended March 31, 2016 compared to the previous year ended March 31, 2015 is given below:

(Rs. In lakhs)

	Standalone		Consolidated	
PARTICULARS	2015-16	2014-2015	2015-16	2014-2015
Net Sales/Income	3218.91	3357.48	4935.94	5197.18
Other Income	884.87	881.26	1232.07	230.64
Gross Loss before interest and depreciation	(1310.77)	(3870.16)	(5694.18)	(4951.9)
Finance cost	24.03	422.84	82.04	560.46
Loss before depreciation and amortization - (Cash Loss)	(1334.8)	(4293)	(5776.22)	(5512.36)
Depreciation and Amortization	374.29	1767.82	899.17	2724.53
Loss before Tax and before exceptional items	(1709.08)	(6060.82)	(6675.39)	(8236.89)
Exceptional items	---	---	---	---
Loss before Tax (PBT)	(1709.08)	(6060.82)	(6675.39)	(8236.89)
Provision for Tax – Current	---	---	---	---
Provision for Tax – Deferred	(149.90)	(727.50)	(273.07)	(917.13)
Loss after Tax	(1559.18)	(5333.32)	(6402.32)	(7319.76)
Earning per share	(7.77)	(26.59)	(31.92)	(26.59)

2. PERFORMANCE HIGHLIGHTS & STATE OF COMPANY'S AFFAIRS

Your Company focuses on providing services to businesses (small, medium and large) and its offerings include Data Centre & Cloud Hosting Solutions, Enterprise Internet Services, Enterprise Messaging & Hosting Solutions and Domain name registration. Since inception, within a short span of time, your Company has grown multi-folds and became one of the largest provider of web hosting services and domain name registration in India. Powered by a pool of talented professionals and equipped with latest Technologies, the Company caters to the Web and Application services, Data Centre and Cloud Computing services to its clients. However, the slow down of the world economy has considerably tapered off the growth momentum in almost all the sectors, including but limited to IT Sector, on account of rising inflation, depreciating rupee and higher interest costs. General stress in the Indian economy and an extremely tight liquidity environment since 2012-2013 had also made it difficult for IT Companies like us to sustain and achieve the desired targets.

Net4 has the distinction of being the first Internet services company in the World to have achieved the ISO 27001 certified, for Information Security standards adopted at its Data Centers. It is also a Microsoft Gold Partner and an ICANN & .IN accredited Domain Name Registrar.

Your Company, following all the necessary applicable ethical considerations and best sustainability business model under the current legal framework of the country, is well on its way to revival to past glories. Having had an extremely challenging 3 years, with reorganising, its business, business lines and worked tirelessly to bring in strategic and operational efficiencies, your company is beginning to see the fruit of this hard labour. All its functions are holistically benefitting all the involved stakeholders without jeopardizing the interests of one at the cost of other. The company's operations are running to achieve the desirable economic ends with all the socially acceptable means. This is very much in consonance with the current business needs of the company and operational efficiency along with future growth.

3. TRANSFER TO RESERVES

The Company has not transferred any amount to the General Reserves as the company has sustained losses. Therefore the loss of Rs. (1559.18) Lacs has been transferred to Surplus under the head Reserves & Surplus.

4. DIVIDEND

As the Company has suffered loss in the said reporting period, the Board of Directors taking this view have decided not to distributed any dividend out of the reserve of the Company and therefore the Board of Directors of the company has not recommended any dividend to the shareholders.

5. SHARE CAPITAL

The paid up Equity Share Capital of the Company as on March 31, 2016 was Rs.200,582,500/- comprising of 20,058,250 equity shares of Rs.10/- each. During the year under review, the Company has neither issued any kind of shares nor granted any stock options. Details of Director's shareholding have been stated in the annexure.

6. FINANCE

During the year 2015-16, your company has successfully raised resources in the form of Long Term and Short term to part finance of the company besides meeting overall working capital requirements of the company. The details are as follows:

S.NO	NATURE OF BORROWING	AMOUNT (IN LAKHS)
1.	Long Term Borrowings from Bank (Secured)	2334.16
2.	From Others & Fixed Deposits (unsecured)	1271.59

DEPOSITS

Due to certain unforeseen circumstances beyond the control of the management, the Company had suffered massive losses over the last 3 years and has been suffering a severe financial crunch, for some time. Whilst on its way to revival, the company continues to face a an extremely tough liquidity position at the moment as well. This all had led the Company to defaults in the repayment of deposits since August 2013, and the Company had stopped accepting deposits thereafter.

The company had filed a scheme for repayment of fixed deposits to Company law board on dd/mm/yy and then continued to follow the direction of the honorable CLB till 31/3/2016.

7. SUBSIDIARIES

The Company has three subsidiaries as on 31st March, 2016. There are no Associate Company or joint venture Companies within the meaning of section 2(6) of the Companies Act, 2016. There has been no material change in the nature of the business of the subsidiaries.

S.NO	NAME	DETAIL
1.	Net4 Network Services Limited	CIN: U72200DL2011PLC219357 Date of Incorporation: 18/05/2011 Registered office: 303A Third Floor, Plot No.-3 Pocket H Market Sarita Vihar, Delhi-110076
2.	Pipetel Communications Private Limited	CIN: U64200DL2009PTC193950 Date of Incorporation: 04/09/2009 Registered office: AB-11, Community Centre, Safdarjung Enclave, New Delhi-110029
3.	Net4 HK Limited	Certificate of Incorporation: 1598959 Date of Incorporation: 11/05/2011 Registered office: Honkong

Pursuant to the circular dated February 8, 2011 issued by Ministry of Corporate Affairs, Government of India and Section 136 of the Companies Act, 2013, which has exempted companies from attaching the financial statements of the subsidiary companies along with the Annual Report of the Company. The Company will make available the annual financial statements of the subsidiary company and the related detailed information to any members of the company on receipt of a written request from them at the Registered Office of the Company. The annual financial statements of the subsidiary company will also be kept open for inspection at the

Registered Office of the Company on any working day during business hours. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies, associates etc. Pursuant to provisions of section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company. The statements are also available on the website of the Company www.net4.in.

Further, pursuant to the provisions of section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company.

8. CONSOLIDATED FINANCIAL STATEMENTS

Your Directors have pleasure in attaching the Consolidated Financial Statements as per the LODR, 2015 and prepared in accordance with Accounting Standard on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India, for financial year ended March 31, 2016.

9. MANAGEMENT DISCUSSION AND ANALYSIS

The detailed review of the operations, performance and future outlook of the Company and its business is given in the Management's Discussion and Analysis Report which forms part of this Annual Report. The report on Management's Discussion and Analysis is annexed with the Report.

10. CORPORATE GOVERNANCE

Pursuant to corporate governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 with the Stock Exchanges, a compliance report on Corporate Governance has been annexed as part of the Annual Report along with Auditor's certificate for the compliance.

11. SECRETARIAL AUDIT REPORT

In line with the requirement of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with other applicable provisions, if any; the Board of Directors of the Company had appointed M/s Abnish Kumar & Associates, Practicing Company Secretary to conduct Secretarial Audit of the Company for the financial year 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2016 is annexed with the Board's report and formed as part of the Annual Report.

The Secretarial Auditors' remarks along with the Directors Comment's are as follows:-

S.NO	REMARKS	DIRECTORS COMMENT'S
1.	The Composition of Board is not as per the Act	<i>All independent directors had resigned from</i>

	and SEBI(LODR) Regulations, 2015	<i>Net4india Ltd (due to the financial problems and ensuing legal issues faced by the company) in and since 2013. In spite of the company's best efforts (including advertising the position multiple times in leading newspapers), new independent directors were not forthcoming. Therefore it was not possible to appoint the independent director/s on the Board.</i>
2.	There is no Independent Director on the Board of Company.	<i>The company has been trying to find independent directors and has advertised position multiple times. However, nobody forthcoming due to the problems being faced by company.</i>
3.	The Company has not constituted the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Corporate Social Responsibility Committee.	<i>Since this committee compulsorily requires having independent Director, it could not be formed. The company has been trying to independent directors and has advertised position multiple times. However, nobody forthcoming due to the problems being faced by the company.</i>
4.	The separate meeting of the Independent Directors of the Company was not held during year	<i>Please refer Point 2 above</i>
5.	There is no woman director on the Board.	<i>The company has been trying to find Woman director but, nobody is forthcoming due to problems being faced by the company.</i>
6.	The Company has not appointed Compliance officer as per SEBI(LODR) Regulation, 2015	<i>Due to the financial crunch and other legal issues in the company, company could not find any suitable candidature for being appointed on the same position however the</i>

		<i>company is making all its efforts to appoint same.</i>
7.	There is non-compliance of Regulation 24 of SEBI (LODR) Regulation, 2015	<i>All independent directors had resigned from Net4india Ltd (due to the financial problems faced by the company) in 2013. In spite of best efforts, new independent directors were not forthcoming. Therefore it was not possible to appoint the independent director of Net4 India on subsidiaries.</i>
8.	The appointment of Internal Auditor is not made by the Company during the FY 2015 – 16. Therefore the Internal Audit was not conducted for the year.	<i>The company had previously (for more than 10 years)consistently had an internal auditor and received the relevant reports. However, with the escalation of the financial problems being faced by the company they had resigned and the company was not able to appoint somebody to replace them in time, in spite of best efforts. The company endeavours to have the same in place on high priority</i>
9.	Non-Compliance of provisions relating to deposit as per the Act and the Companies Act, 1956 and the Rules made thereunder.	<i>The company has been facing a challenging tough financial position since 2013, as a result of acute liquidity environment recessionary conditions, prevailing for some time before and during that period. The Company has filed a Fixed Deposit Repayment Scheme with the Hon'ble Company Board in December 2014 and was</i>

		<i>following the directions of the honourable CLB from time to time. However, subsequent to the order of Hon'ble Company Law Board, wherein further time to deposit the balance amount could not be granted. company is all prepared to file an appeal in respect of the said order.</i>
10.	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.	<i>The Company is making all its efforts to make Settlement with the genuine Debt holders and ensuring it is fighting all unjustified and fraudulent claims.</i>
11.	The Companies 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 the Court.	<i>The matter is pending Before the High Court and the company has already repaid the amount as directed by the court. In fact subsequent reconciliations show that the company has over paid approx. Rs. 9lakhs</i>

The Company has taken note of and the Company were trying to come out of this hardships and will try to adopt reasonable steps for proper compliance of all the laws, committees applicable on our Company.

Further the remarks given by the Secretarial Auditor which is based on the Statutory Auditors report were appropriately answered by Directors in point 28 below

12. LISTING / DELISTING OF THE EQUITY SHARES

The equity shares of your Company are listed at the National Stock Exchange (NET4) the Bombay Stock Exchange (Scrip Code: 532912) and Delhi Stock Exchange (Scrip Code: 113089). The annual listing fees for the year 2015-16 have not yet been paid to all these Stock Exchanges due to the financial crunches however the company is in the process of making the payment of the same.

13. DIRECTORS

Mr. Jasjit Singh Sawhney, Mr. Amarjit Singh Sawhney and Mr. Surya S. Chadha continue to act as the directors of the Company.

Resignation of Company Secretary:-

Ms. Nidhi, Company Secretary and the Compliance Officer of the company appointed with effect from December 17, 2014 had resigned from the position as such with effect from 5th June, 2015.

14. MEETING OF THE BOARD

During the financial year 2015-16, 04 (Four) meetings i.e. 02.06.2015; 31.08.2015; 18.11.2015; and 29.02.2016 of Board of Directors of the Company were held and the intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 (i.e., the maximum interval between any two board meeting did not exceed 120 Days). Details of the Meetings (Number of the Director present etc) is mention in Corporate Governance Report a part of Annual Report.

15. BOARD EVALUATION

As per the provisions of Section 149 read with Schedule IV of the Companies Act, 2013 read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations"), the Independent Directors shall conduct a separate meeting to review the performance of Non-Independent Directors. But the Company has not complied with the above said provisions as the Company does not have independent Directors at their Board due to the immediate and consecutive resignation of all the independent directors, the Composition of Board has been traumatized. However, the management is concerning the issue and is taking appropriate steps to revive the Board's Composition.

16. NOMINATION AND REMUNERATION COMMITTEE AND REMUNERATION POLICY

The Board does not have a Nomination & Remuneration Committee for selection and appointment of Directors, Senior Management and their remuneration as per Section 178 of the Companies Act, 2013 and rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 due to non availability of independent directors.

17. EXTRACTS OF ANNUAL RETURN

The Extract of Annual Return in **Form MGT-9** pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 for the financial year 2015-16 has been enclosed with this report in **ANNEXURE- 1**

18. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Section 135 of the Companies Act, 2013 is not applicable on your Company as the company has suffered Losses

19. BUSINESS RESPONSIBILITY REPORTING

As per Regulation 34 of the SEBI Listing Regulations, a business responsibility report is not applicable to your company.

20. AUDIT COMMITTEE

Audit Committee of the Board has not been constituted as per Section 177 of the Companies Act, 2013 and rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and read with SEBI, LODR, 2015 due to the immediate and consecutive resignation of all the independent directors, the Composition of Committee cannot be made. However, the management is concerning the issue and is taking appropriate steps to revive the Board's Composition so that the Company can make the appropriate Committees as per the provisions of the Companies Act 2013.

21. STAKEHOLDERS RELATIONSHIP COMMITTEE AND VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Stakeholders Relationship Committee has not been constituted as per section 178 (5) of the Companies Act, 2013. The reasons for non-composition of stakeholders relationship committee as same as mentioned under the above head of Audit Committee. Further the Vigil Mechanism / Whistle Blower Policy was also not formulated by the Company but the Company will soon appoint the Independent director and constitute committees.

22. RELATED PARTY TRANSACTIONS

During the year, the Company has entered into transactions with related parties as defined under Section 2(76) of the Companies Act, 2013 which were in the ordinary course of business and on arm's length basis and in accordance with the provisions of the Companies Act, 2013, Rules issued thereunder and SEBI, LODR, 2015. During the year, there were no transactions with related parties which qualify as material transactions under the Listing Agreement.

The details of the related party transactions as required under Accounting Standard -18 are set out in Notes to the financial statements forming part of this Annual Report.

The Disclosure required in Form AOC-2 pursuant to Section 134 (3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is NIL.

23. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

24. RISK MANAGEMENT

The board of directors of the Company has formed a risk management committee to frame, implement and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The development and implementation of risk management policy has been covered in the management discussion and analysis, which forms part of this report. However the committee is not as per the provisions of the Companies Act, 2013 and rules made there under due to the unavailability of Independent directors.

25. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are given in Annexure forming part of this Report.

26. MANAGERIAL REMUNERATION & PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and financial statements are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company in this regard. The information required under section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Name of the Directors	Ratio to Median Remuneration
Directors	
Amarjit Singh Sawhney	NA
Jasjit Singh Sawhney	NA
Surya Chadha	NA

b. The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial Year
Nidhi singh	NA

c. The percentage increase in the median remuneration of employees in the financial year: 12 percent

d. The number of permanent employees on the rolls of Company: 152

e. The explanation on the relationship between average increase in remuneration and Company performance:

On an average, employees received an increment of 12%. In the past few years, due to the financial instability, the company had seen huge chrn/exits from employees. Hence to keep salaries even somewhat in line with market trends, these increments were essential.

f. Comparison of the remuneration of the key managerial personnel against the performance of the Company:

Aggregate remuneration of key managerial personnel (KMP) in FY 16	75375
Revenue (Rs. Lakhs)	41,03,78,000
Remuneration of KMPs (as a % of revenue)	0.018%
Profit before Tax (PBT) (Rs. Lakhs)	(17,09,08,000)
Remuneration of KMP (as a % of PBT)	(0.044)%

g. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	March 31,2016	March 31,2015	Change %
Market Capitalisation(Rs.Lakhs)	4693.64	7822.73	40
Price Earnings Ratio (standalone)	.30	.146	105.48
Price Earnings Ratio (consolidated)	.073	-.107	31.77

h. Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

Particulars	March 31,2016 (Rs)	(Date of Listing) BSE - 02.11.2007 NSE - 10.12.2010	%Change
Market price (NSE)	1.95	100	98.05 %
Market Price (BSE)	2.34	77.25	96.97 %

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- i. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:** There was no increase in the managerial Remuneration
- j. **Comparison of each remuneration of the key managerial personnel against the performance of the Company:**

	Mr. Amarjit Singh Sawhney	Mr. Jasjit Singh Sawhney	Mr. Surya Chadha	Ms. Nidhi singh
Remuneration in FY16	Nil	Nil	Nil	75375
Revenue	41,03,78,000	41,03,78,000	41,03,78,000	41,03,78,000
Remuneration as % of revenue	-	-	-	0.018%
Profit before Tax (PBT)	(17,09,08,000)	(17,09,08,000)	(17,09,08,000)	(17,09,08,000)
Remuneration (as % of PBT)	-	-	-	(0.044)%

- k. **The key parameters for any variable component of remuneration availed by the directors:** NA
- l. **The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:** NA
- m. **Affirmation that the remuneration is as per the remuneration policy of the Company:**
The Company affirms remuneration is as per the remuneration policy of the Company.

27. **DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT 2013**

Your Company is committed to creating and maintaining a secure work environment where its employees, agents, vendors and partners can work and pursue business together in an atmosphere free of harassment, exploitation and intimidation. To empower women and protect women against sexual harassment, a policy for prevention of sexual harassment has been rolled out and Internal Complaints Committee as per legal guidelines has been set up. This policy allows employees to report sexual harassment at the workplace. The Internal Committee is empowered to look into all complaints of sexual harassment and facilitate free and fair enquiry process with clear timelines.

28. **AUDITORS AND AUDITORS REPORT**

Your Company's auditors, M/s Laxmi Tripti & Associates, Statutory Auditors of the Company was appointed for the period of one year in the Extra ordinary general Meeting of the Company due to casual vacancy. The Board of Directors has approached M/s Laxmi Tripti & Associates, chartered Accountants, New Delhi to appoint them as statutory auditor of the Company for the period of 4 years subject to the annual ratification by the shareholders in the Annual General Meeting. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for their appointment as Auditors of the Company. As required under SEBI, LODR, 2015, the auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. The Board recommends their Appointment.

DIRECTORS REPLY ON AUDITORS REMARKS (STANDALONE)

S.No	Remarks	Directors Comment's
1.	During the financial year 2013-14, the Company had defaulted in repayment of principle and interest thereon of Term Loan taken from State Bank of India (SBI). The amount outstanding as on 31 st Mar, 2016 is Rs. 2,334.16 Lacs. This loan had been classified as Non – performing Assets (NPA) by the Bank. There is no provision made during the current year for interest against such loans. The status of this loan has remained the same during the current financial year. State Bank of India (SBI) has also filed legal case before the P.O. (Presiding Officer) and Registrar against the Company. The above figure has been taken on the basis of audited financial statements for the year ended on 31 st March, 2015. There is no communication received from	<i>There are various disputes involved with relation to the claim of the bank, including but not limited to: incorrect date of NPA, mishandling of the account and non adherence to disbursal of sanctioned amounts, etc.</i>

	bank in this regard.	
2.	During the financial year 2013-14, the Company had defaulted in repayment of principle and interest thereon of Working Capital Loan taken from State Bank of India (SBI) and State Bank Travancore (SBT). The amount outstanding as on 31 st Mar, 2016 is Rs. 11,378.73 Lacs. There is no provision made during the current year for interest against such loans. This loan had been classified as Non –performing Assets (NPA) by the Bank. The status of this Credit facility has remained the same during the current financial year. State Bank Travancore (SBT) has also filed legal case before the P.O. (Presiding Officer) against the Company. The above figure has been taken on the basis of audited financial statements for the year ended on 31 st March, 2015. There is no communication received from bank in this regard.	<i>There are various disputes involved with relation to the claim of the bank, include but not limited to: incorrect date of NPA, mishandling of the account and non adherence to disbursal sanctioned amounts, etc</i>
3.	Unsecured loan has been taken from one of the Shareholders i.e. Ms. Suzanne Surendra Pal of Rs. 205 Lacs from Sep, 2013 by the Company. But the same has not been repaid during the current financial year. There is no provision made during the current year for interest against such loans. Further, it is a contravention of Section 74 of the Companies Act, 2013.	
4.	Unsecured Loan taken from IBM India Pvt. Ltd. is Rs. 39.23 Lacs as per the books of accounts as on 31 st March, 2016. There is no repayment of the same during the current financial year. There is no provision made during the current year for interest against such loans. The above figure has been taken on the basis of audited financial statements for the year ended on 31 st March, 2015. There is no communication received from IBM India Pvt. Ltd. in this regard.	<i>There are various disputes involved, including but not limited to the amounts due, the usability and inadequacy of the equipment provided, etc.</i>
5.	Fixed Deposit amounting to Rs. 1,066.59 Lacs were due for repayment as on 31 st March, 2016. There is no provision in the books during the year for penalty and damages for contravention	<i>As per the scheme filed with the Company Law Board, the company had to repay all FDs over a five year period.</i>

	of provision of fixed deposits as laid down in Companies Act, 2013. The company had applied for a scheme of reschedulement to the H'ble company laws board in Dec 2014 and has been following instructions for repayment of the company law board from time to time. Further, the management has indicated further substantial payment has been made subsequent to 31 st Mar, 2016 till date of this report	<i>However, the company has managed to clear FD payments amounting to over 30% of the total dues within less than a year of CLB's directions to start paying and depositing the monies.</i>
6.	In respect of various loans as stated above, there is interest payable of Rs. 1,251.71 Lacs for the previous years outstanding in the books as on 31.03.2016	<i>As you are aware, the company has been suffering various problems since the past 2 and half years. The problems for the Company started in 2013 and the Company has suffered severe losses over the last 2-3 financial years on account of the prior downturn in the economy and the tight liquidity environment and highly geared debt position. The company was no able to service its debt interest liabilities on time. The delayed receipt of payments from the customers caused severe liquidity crunch and shortage of working capital. In spite of providing the best in class service in the industry it became difficult for the company to maintain the financial discipline which resulted in irregularities in our accounts with banks and delayed payments of statutory liabilities.</i> <i>The company declared a loss of Rs. 199.98 Cr in 2013-14 and further in the 9 months ended 31-12-15, the company has further suffered a loss of Rs. 30.77 Cr. The company has,</i>

		however, put in plan a well worked out revival plan that envisages clearing/settling all liabilities, which include statutory liabilities, over the next few years. The fact that the company is moving towards revival is clearly evidenced from the figure of loss which is brought to approx 54 Cr on March 31st, 2015. Further this loss is almost entirely attributable to previous write offs and not indicative of the benefits of the various structural and operational changes that have been and are being put into place. The company is in negotiations with all lenders to arrive at an amicable settlement and is also in advanced stages to raise capital, as per its revival plan, to settle these debts. There are certain demands from the income tax department, pertaining to different financial years, that the company and its tax consultants feel are unjustified and bad in law. The company has filed the appropriate appeals and intends to fight the same to a positive conclusion. However, in the interim these unjustified demands have further stressed the cash position of the company. The company defaulted in payment of service tax also and Notices have been received from the Service Tax
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		Department in this regard and the company has started depositing amounts every month as per the directions. The company has deposited service tax to the tune of about Rs 9, 79, 83,558/- since September 2013 to July 31st 2015 itself. In respect of the TDS amount The company has deposited the complete TDS for the financial year 2013-2014 and has also deposited TDS for financial year 2014-15 and 2015- 16 as well. The deposit of taxes and the part payment of fixed deposits and interest on fixed deposits has been possible due to the cost savings and efficiencies that have been generated out of the implementation of the company's revival plan. However, as already explained, the company remains severely short staffed and to that extent handicapped to be able to deal with other issues in a timely manner As enumerated above, the losses the company suffered were mainly caused due to acute recession/down turn in the market and liquidity environment starting 2012-2013. The difficulties were further complicated by slow/non recovery of the dues from the customers. A large number of customers also refused to pay on account of some or the other
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		<i>product and service deficiency or non conformity with the order. Some of these were due to the service and implementation deficiencies caused by the acute shortage of manpower and the company has had to consequently book these and other non recoverable amounts as bad debts.</i> <i>In the surroundings of the above issues in spite of having intentions to repay the Company was also unable to make repayment of fixed Deposits, in a timely manner.</i>
7.	Income Tax demand of Rs. 1,286.98 Lacs from A.Y. 2004-05 to A.Y. 2011-12 not deposited and appeals has been filed against this demand or in the process of filing. Income Tax Return from A.Y. 2012-13 to A.Y. 2014-15 has also not been filed by the Company.	<i>We have already filed the appeal and produced all the evidences and waiting for the final argument in which we are confident of winning the appeal.</i>
8.	Service Tax amounting to Rs.1,170 Lacs (approx) up to 31 st March, 2016 not deposited by the Company but further reconciliation is required on account of cenvat credit, sales return etc to arrive at the correct amounts and Service Tax Return has also not been filed by the Company during the year.	<i>Please refer to detailed reply of point No. 6</i>
9.	As per Books of accounts, Tax deduction at source (TDS) amounting to Rs. 109.60 Lacs as on 31 st March, 2016 not deposited by the Company. TDS Return has also not been filed by the Company during the year except the first quarter in respect of Section 194I of the Income Tax Act, 1961. In some cases TDS has also not been deducted.	<i>Please refer to detailed reply of point No. 6</i>
10.	As per books of accounts, Provident Fund amounting to Rs. 6.75 lacs as on 31 st March, 2016 not deposited by the Company. PF Challan	<i>Please refer to detailed reply of point No. 6</i>

	till Oct, 2015 has been filed by the Company	
11.	Employees State Insurance (ESI) amounting to Rs. 3.16 Lacs as per Books as on 31 st March, 2016 not deposited by the Company. Consequently challan and return in respect of this has also not been filed by the Company during the year	<i>Please refer to detailed reply of point No. 6</i>
12.	As per the information and explanation received from the Management, the Company is registered under the Delhi VAT, UP VAT, Maharastra VAT, Karnatka VAT, Tamil Nadu VAT and Andhra Pradesh VAT but during the year, no transactions were made by the company and accordingly no VAT Liability has been arised during the year. However, the company has not filed VAT Return in any of the above VAT authorities during the year	<i>Please refer to detailed reply of point No. 6</i>
13.	Professional Tax amounting to Rs. 0.72 Lacs as per Books as on 31 st March, 2016 not deposited by the Company. Consequently challan and return in respect of this has also not been filed by the Company during the year.	<i>Please refer to detailed reply of point No. 6</i>
14.	Company has not made any provisions for the employee's benefits i.e. for Gratuity or Leave Encasement etc. during the year of audit.	<i>Please refer to detailed reply of point No. 6</i>
15.	The Company has not provided bank accounts balance confirmation as on 31 st March, 2016, in respect of some bank accounts.	<i>Some banks Accounts have become dormant; hence no communication could be made from them</i>
16.	The Company has written off bad debts amounting to Rs. 708.24 Lacs during the year and makes provision for bad and doubt full debts amounting to Rs. 146.32 Lacs during the year. Due to the written off bad debts or provision of bad debts, the profit for the year at 31 st March, 2016 has been reduced by that amounts. Accordingly the net assets at 31 st March, 2016 have also been reduced by the bad debts amounts.	<i>There are numerous reasons for the provisions and write offs, however the main reason has been inadequacy of service provided(due to the financial crunch being faced by the company) and inability to complete the whole order due to non availability of adequate working capital</i>

17.	The Company has booked Loss on Redundant Assets of Rs. 968.40 Lacs during the year	<i>This happens due to massive flood & natural calamity that happened in Chennai when one of our shed/store at Chennai address collapsed and was washed away. This shed/store was containing various new and used computer and network equipment along with certain materials for the completion of the building. Whilst some equipment was also washed away from the shed, almost all the equipment and materials were either completely destroyed or washed away due to the flood.</i>
18.	As per AS-29 "Provisions, Contingent Liabilities and Contingent Assets" the Company is mandatorily required to make provisions for Audit Fee but the same has not provided in the books of accounts for the year ended 31 st March, 2016	<i>The Company has taken the note of the Company</i>
19.	The Composition of Board of Directors is not in terms of SEBI (Listing Obligations and Listing Requirements) Regulations, 2015	<i>All independent directors had resigned from Net4india Ltd (due to the financial problems and ensuing legal issues faced by the company) in and since 2013. In spite of the company's best efforts (including advertising the position multiple times in leading newspapers), new independent directors were not forthcoming. Therefore it was not possible to appoint the independent director/s on the Board.</i>
20.	There was no Independent Directors in the company leading to non-compliance of the provisions of the SEBI (Listing Obligations and Listing Requirements) Regulations, 2015 as well as section 149 of the Companies Act, 2013	<i>The company has been trying to find independent directors and has advertised the position multiple times. However, nobody is forthcoming due to the problems being faced by the</i>

		company.
21.	There was no Internal Auditor's as required under section 138 of the Companies Act, 2013	<i>The company had previously (for more than 10 years)consistently had an internal auditor and received the relevant reports. However, with the escalation of the financial problems being faced by the company they had resigned and the company was not able to appoint somebody to replace them in time, in spite of best efforts. The company endeavours to have the same in place on high priority.</i>
22.	There was no Women director in the Board of the Company, leading to non-compliance of the applicable provisions. However, the Company has women director from 02 nd Nov, 2014 to 05 th Dec, 2015	<i>The company earlier had a woman director, however, since her resignation,the company has been trying to find Woman director but, nobody is forthcoming due to the problems being faced by the company</i>
23.	There was no Audit Committee as required under section 177 of the Companies Act, 2013 and in terms of SEBI (Listing Obligations and Listing Requirements) Regulations, 2015	<i>Since this committee compulsorily requires having independent Director, it could not be formed. The company has been trying to find independent directors and has advertised the position multiple times. However, nobody is forthcoming due to the problems being faced by the company</i>
24.	There was no Nomination and Remuneration Committee as required under section 178 of the Companies Act, 2013 and in terms of SEBI (Listing Obligations and Listing Requirements) Regulations, 2015	<i>Since this committee compulsorily requires having independent Director, it could not be formed. The company has been trying to find independent directors and has advertised the position multiple times. However, nobody is forthcoming due to the problems</i>

		<i>being faced by the company</i>
25.	There was no Shareholder's and Investor Grievance Committee for the year in the Company	<i>Since this committee compulsorily requires having independent Director, it could not be formed. The company has been trying to find independent directors and has advertised the position multiple times. However, nobody is forthcoming due to the problems being faced by the company</i>
26.	There was no compliance as required by the Regulation 24 of the SEBI (Listing Obligations and Listing Requirements) Regulations, 2015 i.e. corporate governance requirements with respect to subsidiaries companies	<i>All independent directors had resigned from Net4india Ltd (due to the financial problems faced by the company) in 2013. In spite of best efforts, new independent directors were not forthcoming. Therefore it was not possible to appoint the independent director of Net4 India on the subsidiaries.</i>
27.	Non Compliance of provisions relating to public deposit i.e. repayment of deposits accepted before commencement of this act i.e. 01.04.2014 as per section 74 of the Companies Act, 2013. Since the company has accepted public deposit before 01.04.2014, which were due for repayment as on 31 st Mar, 2016. However the company has filed scheme of reschedulement of fixed deposits in Dec 2014 and has been repaying fixed deposit to the holders as per the directions of the Company Law board from time to time	<i>The company has been facing a challenging and tough financial position since 2013, as a result of acute liquidity environment and recessionary conditions, prevailing for some time before and during that period. The Company has filed a Fixed Deposit Repayment Scheme with the Hon'ble Company law Board in December 2014 and has been following the directions of the honourable CLB from time to time.</i>
28.	The company has litigations filed against it under various courts or authorities like Delhi High Court, Arbitration, and Registrar for various matters like recovery of debts, winding up petition, etc. As per available information & explanation provided by the management, the	<i>The Company is making all its efforts to make the Settlement with the genuine Debt holders and is ensuring it is fighting all unjustified and fraudulent claims.</i>

	exact quantum of amount on these cases cannot be ascertained. However, almost all the cases involve disputed amounts and have been adequately challenged	
29.	Sundry Debtors and Sundry Creditors are subject to balance confirmation	<i>Since we are short staffed, therefore it cannot be done on the regular basis but it is done where significant amount is involved</i>
30.	As per Para 17 of the AS-22, "Accounting for Taxes on Income", where as enterprises has carry forward of losses under tax laws, deferred tax assets should be recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The company has amounting to Rs. 1,287.20 Lacs deferred tax assets as per books, but we are unable to find the convincing evidence that in future sufficient future taxable income will be available	<i>It has been calculated as per methods specified in AS 22.</i>
31.	A per our observation during audit, Directors residing out of India have been incurring expenses through Credit Card for which part payment is being made by the Company. As per board resolution dated 23 rd Aug, 2013, the Company is maintaining the office at London, United Kingdom. For the part payment made by the company, these expenses have been further booked in the Company's books of accounts but we have not received all the supporting documents for the same	<i>The Company has taken the note of the same</i>
32.	We are unable to find the status of the Micro and Small Enterprises, to whom the company owes, which are outstanding more than 45 days at 31 st March, 2016. This information as required to be disclosed under the Micro, small and Medium Enterprises Development Act, 2006.	<i>The Company has taken the note of the same</i>

DIRECTORS REPLY ON AUDITORS REMARKS (CONSOLIDATED)

S.No	Remarks	Directors Comment's
1.	During the financial year 2013-14, the Company had defaulted in repayment of principle and interest thereon of Term Loan taken from State Bank of India (SBI). The amount outstanding as on 31 st Mar, 2016 is Rs. 2,334.16 Lacs. This loan had been classified as Non – performing Assets (NPA) by the Bank. There is no provision made during the current year for interest against such loans. The status of this loan has remained the same during the current financial year. State Bank of India (SBI) has also filed legal case before the Debt Recovery Tribunal) and Registrar against the Company. The above figure has been taken on the basis of audited financial statements for the year ended on 31 st March, 2015. There is no communication received from bank in this regard.	<i>There are various disputes involved with relation to the claim of the bank, including but not limited to: incorrect date of NPA, mishandling of the account and non adherence to disbursal of sanctioned amounts, etc.</i>
2.	During the financial year 2013-14, the Company had defaulted in repayment of principle and interest thereon of Working Capital Loan taken from State Bank of India (SBI) and State Bank Travancore (SBT). The amount outstanding as on 31 st Mar, 2016 is Rs. 11,378.73 Lacs. There is no provision made during the current year for interest against such loans. This loan had been classified as Non –performing Assets (NPA) by the Bank. The status of this Credit facility has remained the same during the current financial year. State Bank Travancore (SBT) has also filed legal case before the P.O. (Presiding Officer) against the Company. The above figure has been taken on the basis of audited financial statements for the year ended on 31 st March, 2015. There is no communication received from bank in this regard	<i>There are various disputes involved with relation to the claim of the bank, include but not limited to: incorrect date of NPA, mishandling of the account and non adherence to disbursal of sanctioned amounts, etc</i>
3.	Unsecured Loan taken from IBM India Pvt. Ltd. is Rs. 39.23 Lacs as per the books of accounts as on 31 st March, 2016. There is no repayment of the same during the current financial year. There is no provision made during the current year for	<i>There are various disputes involved, including but not limited to the amounts due, the usability and inadequacy of the equipment provided, etc.</i>

	interest against such loans. The above figure has been taken on the basis of audited financial statements for the year ended on 31 st March, 2015. There is no communication received from IBM India Pvt. Ltd. in this regard	
4.	Fixed Deposit amounting to Rs. 1,066.59 Lacs were due for repayment as on 31 st March, 2016. There is no provision in the books during the year for penalty and damages for contravention of provision of fixed deposits as laid down in Companies Act, 2013. The company had applied for a scheme of reschedulement to the H'ble company laws board in Dec 2014 and has been following instructions for repayment of the company law board from time to time. Further, the management has indicated further substantial payment has been made subsequent to 31 st Mar, 2016 till date of this report.	<i>As per the scheme filed with the Company Law Board, the company had to repay all FDs over a five year period. However, the company has managed to clear FD payments amounting to over 30% of the total dues within less than a year of CLB's directions to start paying and depositing the monies</i>
5.	In respect of various loans as stated above, there is interest payable of Rs. 1,251.71 Lacs for the previous year outstanding in the books as on 31.03.2016	<i>As you are aware, the company has been suffering various problems since the past 2-3 and half years. The problems for the Company started in 2013 and the Company has suffered severe losses over the last 2-3 financial years on account of the prior downturn in the economy and the tight liquidity environment and highly geared debt position. The company was no able to service its debt interest liabilities on time. The delayed receipt of payments from the customers caused severe liquidity crunch and shortage of working capital. In spite of providing the best in class service in the industry it became difficult for the company to maintain the financial discipline which resulted in irregularities in our accounts with banks and delayed</i>

		payments of statutory liabilities. The company declared a loss of Rs. 199.98 Cr in 2013-14 and further in the 9 months ended 31-12-15, the company has further suffered a loss of Rs. 30.77 Cr. The company has, however, put in plan a well worked out revival plan that envisages clearing/settling all liabilities, which include statutory liabilities, over the next few years. The fact that the company is moving towards revival is clearly evidenced from the figure of loss which is brought to approx 54 Cr on March 31st, 2015. Further this loss is almost entirely attributable to previous write offs and not indicative of the benefits of the various structural and operational changes that have been and are being put into place. The company is in negotiations with all lenders to arrive at an amicable settlement and is also in advanced stages to raise capital, as per its revival plan, to settle these debts. There are certain demands from the income tax department, pertaining to different financial years, that the company and its tax consultants feel are unjustified and bad in law. The company has filed the appropriate appeals and intends to fight the same to a positive conclusion. However, in the
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		<i>interim these unjustified demands have further stressed the cash position of the company.</i> <i>The company defaulted in payment of service tax also and Notices have been received from the Service Tax Department in this regard and the company has started depositing amounts every month as per the directions. The company has deposited service tax to the tune of about Rs 9, 79, 83,558/- since September 2013 to July 31st 2015 itself.</i> <i>In respect of the TDS amount The company has deposited the complete TDS for the financial year 2013-2014 and has also deposited TDS for financial year 2014-15 and 2015- 16 as well.</i> <i>The deposit of taxes and the part payment of fixed deposits and interest on fixed deposits has been possible due to the cost savings and efficiencies that have been generated out of the implementation of the company's revival plan. However, as already explained, the company remains severely short staffed and to that extent handicapped to be able to deal with other issues in a timely manner</i> <i>As enumerated above, the losses the company suffered were mainly caused due to</i>
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		<i>acute recession/down turn in the market and liquidity environment starting 2012-2013. The difficulties were further complicated by slow/non recovery of the dues from the customers. A large number of customers also refused to pay on account of some or the other product and service deficiency or non conformity with the order. Some of these were due to the service and implementation deficiencies caused by the acute shortage of manpower and the company has had to consequently book these and other non recoverable amounts as bad debts.</i> <i>In the surroundings of the above issues in spite of having intentions to repay the Company was also unable to make repayment of fixed Deposits, in a timely manner</i>
6.	Income Tax demand of Rs. 1,286.98 Lacs from A.Y. 2004-05 to A.Y. 2011-12 not deposited and appeals has been filed against this demand or in the process of filing. Income Tax Return from A.Y. 2012-13 to A.Y. 2014-15 has also not been filed by the Company.	<i>We have already filed the appeal and produced all the evidences and waiting for the final argument in which we are confident of winning the appeal</i>
7.	Service Tax amounting to Rs.1, 170 Lacs (approx) up to 31st March, 2016 not deposited by the Company but further reconciliation is required on account of cenvat credit, sales return etc to arrive at the correct amounts and Service Tax Return has also not been filed by the Company during the year.	Please refer point 5 above
8.	As per Books of accounts, Tax deduction at source (TDS) amounting to Rs. 109.60 Lacs as on 31st March, 2016 not deposited by the	Please refer point 5 above

	Company. TDS Return has also not been filed by the Company during the year except the first quarter in respect of Section 194I of the Income Tax Act, 1961. In some cases TDS has also not been deducted	
9.	As per books of accounts, Provident Fund amounting to Rs. 6.75 lacs as on 31 st March, 2016 not deposited by the Company. PF Challan till Oct, 2015 has been filed by the Company	Please refer point 5 above
10.	Employees State Insurance (ESI) amounting to Rs. 3.16 Lacs as per Books as on 31 st March, 2016 not deposited by the Company. Consequently challan and return in respect of this has also not been filed by the Company during the year	Please refer point 5 above
11.	Professional Tax amounting to Rs. 0.72 Lacs as per Books as on 31 st March, 2016 not deposited by the Company. Consequently challan and return in respect of this has also not been filed by the Company during the year.	Please refer point 5 above
12.	The Company has not provided bank accounts balance confirmation as on 31 st March, 2016, in respect of some bank accounts	<i>Some banks Accounts have become dormant; hence no communication could be made from them</i>
13.	The Company has written off bad debts amounting to Rs. 708.24 Lacs during the year and makes provision for bad and doubt full debts amounting to Rs. 146.32 Lacs during the year. Due to the written off bad debts or provision of bad debts, the profit for the year at 31 st March, 2016 has been reduced by that amounts. Accordingly the net assets at 31 st March, 2016 have also been reduced by the bad debts amounts	<i>There are numerous reasons for the provisions and write offs, however the main reason has been inadequacy of service provided(due to the financial crunch being faced by the company) and inability to complete the whole order due to non availability of adequate working capital</i>
15.	The Company has booked Loss on Redundant Assets of Rs. 968.40 Lacs during the year.	<i>This happened due to massive flood & natural calamity that happened in Chennai when one of our store/shed at Chennai address collapsed and was washed away. This shed was</i>

		containing various new and used computer and network equipment along with certain materials for the completion of the building. Whilst some equipment was also washed away from the shed, almost all the equipment and materials were either completely destroyed or washed away due to the flood
16.	In case of Net 4 Communications Limited, one of the subsidiaries of the Holding Company is not audited by us. The other auditor who has audited the subsidiary has reported the followings:- a. Service Tax amounting to approx. Rs. 25 Lacs for FY 11-12, Rs. 390 Lacs for 2012-13, Rs. 33 Lacs for 2013-14 and Rs. 0.08 Lacs for 2015-16 not deposited but further reconciliation is required on account of cenvat credit, sales returns, etc. to arrive at the correct amount b. ESI of Rs. 0.43 Lacs for FY 2014-15 not deposited. c. TDS amounting to Rs. 65.75 Lacs for the year 2012-13, Rs. 32.59 Lacs for the for the year 2013-14, Rs.9.04Lacs for the year 2014-15 and Rs.4.26 Lacs for the year 2015-16 not deposited d. The company has written off bad debts amounting to Rs. 45.69 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. e. The company does not follow a system of obtaining confirmation of balances in respect of Trade receivables. Due to non-availability of confirmations of aforesaid	<i>Due to the heavy losses suffered by the company subsequent to which winding up order was passed against the company and the company is in liquidation.</i> <i>There are numerous reasons for the provisions and write offs, however the main reason has been inadequacy of service provided (due to the financial</i>

	balances, we are unable to quantify the impact of the adjustments, if any, arising from reconciliation, settlement of account and writing off bad debts on the financial statements for the year ended 31st March, 2016.	<i>crunch being faced by the company) and inability to complete the whole order due to non availability of adequate working capital.</i> <i>Winding up order was passed against the company and the company is in liquidation therefore the receivables from the parties could not be recovered.</i>
17.	In case of Pipetel Communications Private Limited, one of the subsidiaries of the Holding Company is not audited by us. The other auditor who has audited the subsidiary has reported the followings:- - The company has written off an amount of Rs.9.90 Lacs as bad debts. The company has not 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 this amount as bad debts thereby reducing profit before taxation for the year (if any) and net assets at 31st March, 2016 by that amount - The company does not follow a system of obtaining confirmation of balances in respect of Trade receivables. Due to non-availability of confirmations of aforesaid balances, we are unable to quantify the impact of the adjustments, if any, arising from reconciliation, settlement of account and writing off bad debts on the financial statements for the year ended 31st March, 2016. - Reconciliation statements of State Bank of Travancore (A/c no 67250208799), State Bank of Travancore (WCTL no 9613) and Term Loan statement of State	<i>Subsequent to the Invoices raised to the client, the dispute arise between the parties with regard to the services; consequently the balance amount of the invoice could not be recovered from the client.</i> <i>Due to the acute short staff; the same is not possible to be done on the regular basis.</i>

	Bank of Travancore (A/c no 8814) were not available. Due to non-availability of these reconciliations, we are unable to quantify the impact of the adjustments, if any, arising from reconciliation on the financial statements for the year ended 31st March, 2016.	<i>There are various disputes involved with relation to the claim of the bank, including but not limited to: incorrect date of NPA, mishandling of the account and non adherence to sanctioned amounts, etc.</i>
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29. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations. However, in line with the requirement of SEBI, LODR, 2015 read with guidance note issued by the stock exchanges, the company has reported all the major cases/litigation matters etc. from time to time to the Stock Exchanges.

30. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The details in respect of internal financial control and their adequacy are included in the management discussion& analysis, which forms part of this report.

31. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them and also based on the representations received from the Operating Management, your directors make the following statement in terms of Section 134 (3) (c) of the Companies Act, 2013 that:

- a. in the preparation of the annual accounts for the financial year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. such accounting policies as mentioned in the Notes to the Financial Statements have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit and loss of the Company for the financial year ended March 31, 2016;
- c. the proper and sufficient care has been taken by them for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts for the financial year ended March 31, 2016 have been prepared by them on a going concern basis;
- e. proper Internal financial controls have been followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f. proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

32. ACKNOWLEDGEMENT

The Directors express their gratitude to Financial Institutions, Banks, and various other agencies for the co-operation extended to the Company. The Directors also take this opportunity to thank the shareholders, customers, suppliers, lenders, distributors and other stakeholders for the confidence reposed by them in the Company. The employees of the Company contributed significantly in achieving the results. The Directors take this opportunity of thanking them and hope that they will maintain their commitment to excellence in the years to come.

By Order of the Board

Sd/-

AMARJIT SINGH SAWHNEY

Director

DIN 00110823

**Address: 70, Poorvi Marg, Vasant Vihar,
New Delhi-110057**

ANNEXURE-1

THE INFORMATION ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO STIPULATED UNDER SECTION 134 (3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNT) RULES, 2014

A. CONSERVATION OF ENERGY

Not applicable

B. RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D is carried out by the Company are as under:-

The core business of the Company i.e. Internet and Related Services requires continuous research and development, adoption of new and more efficient technologies and innovation. Your Company has been making sincere efforts to build competence and improve the services in its area of operations by carrying out continuous research and development activities.

2. Benefits derived as a result of the above R & D:-

Your Company has been able to develop processes and methodologies that have resulted in constant improvement in quality of the products and services and overall productivity of the Company.

3. Future plan of action:-

The Company intends to develop its own R & D division in the near future.

4. **Expenditure on R & D:-**

- (a) Capital
- (b) Recurring
- (c) Total
- (d) Total R & D expenditure as a percentage of total turnover.

Since there is no separate R & D division as such, any separate allocation of funds for R & D and exact amount spent on research and development is not ascertainable.

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. **Efforts in brief, made towards technology absorption, adaptation and innovation:-**

Since the core business of the Company requires adoption and absorption of emerging technologies, the Company is making continuous efforts in absorbing and deploying the new technologies.

- 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc:-** The adoption and development of new technologies has resulted in the improvement in quality of its products and services and productivity of the Company.
- 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:-**

- (a) Technology imported - Nil
- (b) Year of Import - N.A.
- (c) Has technology been fully absorbed - N.A.
- (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action - N.A.

D. FOREIGN EXCHANGE EARNINGS & OUTGO

Your Company has taken various initiatives to increase exports and development of new export markets for the services. Establishment of overseas Subsidiary Net4 HK Ltd. at Hong Kong and making arrangements with International Call Carriers are some of the steps taken to increase the export in the near future. Your Company is continuously striving for finding out the more avenues of investment. The Company had Nil as Foreign Exchange Earnings during the period under review and incurred Rs. 1501.34 Lacs as Foreign Exchange Expenditure during the same period.

By Order of the Board

Sd/-

AMARJIT SINGH SAWHNEY

Director

DIN 00110823

**Address: 70, Poorvi Marg, Vasant Vihar,
New Delhi-110057**

ANNEXURE - 2**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis:

Net4 India Limited (the Company) has not entered into any contract/arrangement/transaction with its related parties which is not in ordinary course of business or at arm's length during FY 2015-16. The Company has laid down policies and processes/procedures so as to ensure compliance to the subject section in the Companies Act, 2013 ("Act") and the corresponding Rules.

(a) Name(s) of the related party and nature of relationship: Not Applicable

(b) Nature of contracts/arrangements/transactions: Not Applicable

(c) Duration of the contracts / arrangements/transactions: Not Applicable

(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable

(e) Justification for entering into such contracts or arrangements or transactions: Not Applicable

(f) Date(s) of approval by the Board: Not Applicable

(g) Amount paid as advances, if any: Not Applicable

(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Not Applicable

2. Details of material contracts or arrangement or transactions at arm's length basis:

a. Name(s) of the related party and nature of relationship: Not Applicable

b. Nature of contracts / arrangements / transactions: Not Applicable

c. Duration of the contracts / arrangements / transactions: Not Applicable

d. Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable

e. Date(s) of approval by the Board, if any: Not Applicable

f. Amount paid as advances, if any: None

Note: The above disclosures on material transactions are based on the principle that transactions with wholly owned subsidiaries are exempt for purpose of section 188(1) of the Act.

By Order of the Board

Sd/-

AMARJIT SINGH SAWHNEY

Director

DIN 00110823

**Address: 70, Poorvi Marg, Vasant Vihar,
New Delhi-110057**

ANNEXURE - 3

EXTRACTS OF ANNUAL RETURN

as on the financial year ended March 31, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

FORM NO. MGT – 9

I. REGISTRATION AND OTHER DETAILS

CIN	L72200DL1985PLC022649
Registration Date	29/11/1985
Name of the Company	NET 4 INDIA LIMITED
Category/Sub-category of the Company	Company Limited by Shares/ Indian Non-Government Company
Address of the Registered office & contact details	139-A-1 S/F Mohammadpur, New Delhi-110061, Tel: +91 120 4323500, Fax: +91120 4323520 E-mail: investorrelations@net4.in Website:www.net4.in
Whether listed company	Listed
Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Pvt. Ltd. Kary Registry House 46 Avenue-4 Street No.-1 Banjara Hills Hyderabad - 500034 Phone:+91 40 2331 2425 Email: ienward.ris@karvy.com Fax:+91 40 2331 1968

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

Name and Description of main products / services	NIC code of the product / service	% of total turnover of the Company
Internet related services, hosting and related activities	6311	100%

III. PARICULARS OF HOLDING, SUBSDIARY AND ASSOCIATE COMPANIES

Name and address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of Shares held	Applicable Section
Net4 Network Services Limited	U72200DL2011PLC219357	Subsidiary	100	2(87)
Pipetel Communications Private Limited	U64200DL2009PTC193950	Subsidiary	51	2(87)
Net4 HK Limited (Foreign Subsidiary)	Certificate of Incorporation: 1598959	Subsidiary	100	2(87)

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

1) Category-wise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (i.e. April 1,2015)				No. of Shares held at the end of the year (i.e. March 31,2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1) Indian									
a) Individual / HUF	30548	-	30548	0.15	30548	-	30548	0.15	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	3776545	-	3776545	18.83	376545	-	3776545	18.83	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other (specify)	-	-	-	-	-	-	-	-	-
Sub- Total (A) (1):-	3807093	-	3807093	18.98	3807093	-	3807093	18.98	-
(2) Foreign									
a) Individual/ (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
b) Other- Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks /Institutions	-	-	-	-	-	-	-	-	-
e) Any other (specify)	-	-	-	-	-	-	-	-	-

Sub- Total (A) (2):-	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter and Promoter Group (A)= (A) (1)+(A)(2)	3807093	-	3807093	18.98	3807093	-	3807093	18.98	-
B. Public shareholding									
(1) Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks Financial Institutions	8076	-	8076	0.04	8076	-	8076	0.04	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Foreign Institutional Investors	1000000	-	1000000	4.99	1000000	-	1000000	4.99	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Any Others (specify) Foreign corporate bodies	2614630	693620	3308250	16.49	2614630	693620	3308250	16.49	-
Sub-total (B)(1):-	3622706	693620	4316326	5.03	1008076	21.52	1008076	5.03	-
2. Non-Institutions									
a) Bodies Corp.	7962069	-	7962069	39.69	7962069	-	7962069	39.69	-

i) Indian									
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1882712	15153	1897865	9.46	1882712	15153	1897865	9.46	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1106490	-	1106490	5.52	1106490	-	1106490	5.52	-
c) Any Others (specify) NBFC	773531	-	773531	3.86	773531	-	773531	3.86	-
i Non Resident Indians(Repat)	188676	-	188676	0.94	188676	-	188676	0.94	-
ii Non Resident Indians(Non Repat)									
iii Foreign Portfolio Investor (Corporate)	-	-	-	-	-	-	-	-	-
iv Foreign Portfolio Investor (Individual)	-	-	-	-	-	-	-	-	-
v. Foreign Companies									-
vi. Clearing Member	6200	-	6200	0.03	6200	-	6200	0.03	-
vii. Directors & relatives	-	-	-	-	-	-	-	-	-
viii. Trusts	-	-	-	-	-	-	-	-	-
ix. Hindu Undivided Family	-	-	-	-	-	-	-	-	-
x. Market Makers	-	-	-	-	-	-	-	-	-
xi. Overseas	-	-	-	-	-	-	-	-	-

Bodies Corporate									
Sub-total (B)(2):-	11919678	15153	11934831	59.50	11919678	15153	11934831	59.50	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	15542384	708773	16251157	81.02	15542384	708773	16251157	81.02	-
C. Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	19349477	708773	20058250	100	19349477	708773	20058250	100	-

2) Shareholding of Promoter and Promoter Group

Shareholders Name	Shareholding at the beginning of the year April, 2015			Shareholding at the end of the year March 2016			% Change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of Shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares pledged/ encumbered to total shares	
Suzanne	30548	0.15	-	30548	0.15	-	-

Surendra Pai							
Jiwan Financial Holdings Ltd	3500000	17.45	-	3500000	17.45	-	-
Trak Online Net India Pvt Ltd	32290	0.16	4.65	32290	0.16	4.65	-
Sterling Capital Pvt Ltd	244255	1.22	1.64	244255	1.22	1.64	-

3) Change in Promoters' Shareholding (N.A)

S.No.	Name of the shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year				
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):				
3	At the end of the year				

4) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

S.No.	For Each of the Top 10	Shareholding at the	Cumulative Shareholding
-------	------------------------	---------------------	-------------------------

	Shareholders	beginning of the year i.e. at April 1, 2015		during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	IFCI Factors Ltd				
1	At the beginning of the year	3232874	16.12	3232874	16.12
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	3232874	16.12	3232874	16.12
2.	Madison India Capital H C				
	At the beginning of the year	1697812	8.46	1697812	8.46
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	1697812	8.46	1697812	8.46
3.	GHIOF Mauritius				
	At the beginning of the year	916818	4.57	916818	4.57

	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	916818	4.57	916818	4.57
4.	Caparo Financial Solutions Ltd				
	At the beginning of the year	773531	3.86	773531	3.86
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	773531	3.86	773531	3.86
5.	Rupee Finance & Management Pvt Ltd				
	At the beginning of the year	746000	3.72	746000	3.72
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	746000	3.72	746000	3.72
6.	QS India Hosting Mauritius				
	At the beginning of the year	693620	3.46	693620	3.46

	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	693620	3.46	693620	3.46
7.	Custom Capsules Pvt Ltd				
	At the beginning of the year	463910	2.31	463910	2.31
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	463910	2.31	463910	2.31
8.	Ganjam Trading Company Pvt Ltd				
	At the beginning of the year	455000	2.27	455000	2.27
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	455000	2.27	455000	2.27
9.	Times Publishing House Ltd				
	At the beginning of the year	453532	2.26	453532	2.26

	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	453532	2.26	453532	2.26
10.	Exotika Infratech Pvt Ltd				
	At the beginning of the year	416000	2.07	416000	2.07
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	416000	2.07	416000	2.07

5) Shareholding of Directors and Key Managerial Personnel: N.A

S.No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year				

v. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness (Rs. in Lacs)
Indebtedness at the beginning of the financial year	13792.69	1397.02	1224.8	16414.51
i) Principal Amount	0	0	24.02	24.02
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	13792.69	1397.02	1248.82	16438.53
Total (i+ii+iii)				
Change in Indebtedness during the financial year	0	139.3	0	139.3
Addition	80	900	158.21	1138.21
Reduction	(80)	(760.70)	(158.21)	(998.91)
Net Change				
Indebtedness at the end of the financial year	13712.69	636.32	1066.59	15415.60
i) Principal Amount	0	139.3	24.02	163.32
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	13712.69	775.62	1090.61	15578.92
Total (i+ii+iii)	13792.69	1397.02	1224.8	16414.51

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NIL

S.No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (in Rs.)

1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL	NIL
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission (for FY 2014-15, to be paid in 2015-16) - as % of profit - others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	-	-	-
	Ceiling as per the Act	-	-	-

B. Remuneration to other directors: NIL

S.No.	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors		
	Fee for attending board committee meetings	-	-
	Commission	-	-
	Others, please specify	-	-
	Total (1)	-	-
2	Other Non-Executive Directors		
	Fee for attending board committee meetings	-	-
	Commission	-	-
	Others, please specify	-	-
	Total (2)	-	-
	Total (B)=(1+2)	-	-
	Total Managerial Remuneration	-	-
	Overall Ceiling as per the Act	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

S.No	Particulars of Remuneration	Key Managerial Personnel	
		Ms. Nidhi singh Company Secretary	Total

		01.04.2015-30.06.2015)	
1	Gross salary	75,378	75,378
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	others, specify...	-	-
5	Others, please specify	-	-
	Total (C)	75,378	75,378

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
B. DIRECTORS					
Penalty	NA	NA	NA	NA	NA

Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
C. OTHER OFFICERS IN DEFAULT					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA

By Order of the Board

SD/-

AMARJIT SINGH SAWHNEY

Director

DIN 00110823

**Address: 70, Poorvi Marg, Vasant Vihar,
New Delhi-110057**

Annexure:-4

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part “A”: Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Pipetel Communication Private Limited	Net 4 networks Services Private Limited	Net 4 HK Limited
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1.	Name of the subsidiary	Pipetel Communication Private Limited	Net 4 networks Services Private Limited	Net 4 Limited Hk
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01/04/2015 to 31/03/2016	01/04/2015 to 31/03/2016	01/04/2015 to 31/03/2016
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	HKD
4.	Share capital	834210	500000	8312.07
5.	Reserves & surplus	(29434238.27)	(12739447.53)	(34301.90)
6.	Total assets	317697940.28	61645399.87	(154.28)
7.	Total Liabilities	345739344.05	73884847.40	25816.61
8.	Investments	0	0	0
9.	Turnover	141943793.89	29758800	0
10.	Profit before taxation	(84655744.66)	(12588341.38)	0
11.	Provision for taxation	4411000	0	0
12.	Profit after taxation	(80244746.56)	(12588341.38)	0
13.	Proposed Dividend	0	0	0
14.	% of shareholding	100%	50%	100%

1. Names of subsidiaries which are yet to commence operations:- Not applicable

2. Names of subsidiaries which have been liquidated or sold during the year:-Not Applicable (However Net4 Communication is under the process if liquidation)

Sd/-

**Amarjit Singh Sawhney
Director
DIN: 00110823**

Sd/-

**Jasjit singh Sawhney
Director
DIN: 00111020**

**Laxmi Tripti & Associates
Chartered Accountant
FRN: 009189C**

Sd/-

**L.N.Agrawal
Partner
M.No:-078427**

Annexure-5

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The year gone by had again been an extremely challenging one for the Company. In spite of all the various ups and downs faced by the company, during the year the company continued to move much further towards full fledged revival, as a result of the hard work and efforts of its highly dedicated employees of the Company.

In the previous years, the segments / service lines which were not enduring any benefits to the Company were shut down and the company decided to focus on operating and growing its business within the profitable segments. Needless to say that this is our Web Services segment and all resources and efforts have been moved towards this segment. There are a number of changes in the pipeline, which will culminate in the coming year and lead to growth again, including: complete front end revamp; reengineering the back end systems and applications to handle additional load and be commensurate with current cloud trends; addition of various allied services targeted at upselling to existing customers and more easily attracting new customers at lower costs

The company is working towards the steady implementation of its revival plan and has made significant headway in the same, with the ultimate goal of being able to achieve sustainable and continuous profitable growth, thus ensuring that the company reestablishes itself at the top of the Internet related services market in India.

Annexure-6

CORPORATE GOVERNANCE PHILOSOPHY

Corporate governance is an ethically driven business process that is committed to values aimed at enhancing an organization's wealth generating capacity. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations. At Net 4, it is imperative that our company affairs are managed in a fair and transparent manner. This is vital to gain and retain the trust of our stakeholders.

Our corporate governance framework ensures effective engagement with our stakeholders and helps us evolve with changing times. The publication of the Cadbury Report in the U.K. in 1992 was a significant event in modern corporate governance. The report recommended the arrangement of company boards and accounting systems to reduce corporate governance risks and failures. The enactment of the Sarbanes-Oxley Act, 2002, resulted in the senior management individually certifying the accuracy of their company's financial information. The Dodd-Frank Wall Street Reform and Consumer Protection Act looks to build a safer, more stable financial system to set the foundation for sound economic growth and job safety.

Recently, the Securities and Exchange Board of India (SEBI) sought to amend the equity listing agreement to bring in additional corporate governance norms for listed entities. These norms provide for stricter disclosures and protection of investor rights, including equitable treatment for minority and foreign shareholders.

Many of the amendments are effective from October 1, 2014. The amended rules require companies to get shareholders' approval for related party transactions, establish whistleblower mechanisms, elaborate disclosures on pay packages and have at least one woman director on their boards.

The amended norms are aligned with the provisions of the Companies Act, 2013, and is aimed to encourage companies to 'adopt best practices on corporate governance'.

We believe that an active, well-informed and independent board is necessary to ensure the highest standards of corporate governance. It is well-recognized that an effective Board is a pre-requisite for a strong and effective corporate governance. At Net4, the Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of our stakeholders.

Our corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

Net 4's Philosophy on Corporate Governance:

Our corporate governance philosophy is based on the following principles:

- Corporate governance standards should go beyond the law and satisfy the spirit of the law, not just the letter of the law
- When in doubt, disclose. Ensure transparency and maintain a high level of disclosure
- Clearly distinguish between personal conveniences and corporate resources
- Communicate externally, and truthfully, about how the Company is run internally
- Comply with the laws of all countries in which we operate
- Have a simple and transparent corporate structure driven solely by business needs
- The Management is the trustee of the shareholders' capital and not the owner

Governance practices beyond regulatory requirements

Our governance practices go beyond the mere letter of statutory and regulatory requirements. With this in mind, we have formulated a number of policy documents and introduced the following set of governance practices:

❖ Code of ethics

The Board of Directors have laid down a code of conduct for all Board members and senior management of the Company. All the Directors and senior management personnel have affirmed compliance with the code of conduct as approved and adopted by the Board of Directors and a declaration to this effect has been annexed to the Corporate Governance Report. The Code is available on the website of the Company www.Net4.com.

❖ Business policies

Our 'business policies' cover a comprehensive range of issues such as fair market practices, insider information, financial records and accounting integrity, external communication, Work ethics, personal conduct and policy on prevention of sexual harassment, health, safety, environment and quality.

❖ Prohibition of insider trading policy

This document contains the policy on prohibiting trading in the equity shares of the Company based on insider or privileged information.

❖ Policy on prevention of sexual harassment

Our policy on prevention of sexual harassment aims at promoting a productive work environment and protects individual rights against sexual harassment.

❖ **Whistle blower policy**

Our Whistle Blower policy encourages disclosure in good faith of any wrongful conduct on a matter of general concern and protects the whistle blower from any adverse personnel action.

❖ **Environment policy**

The Company is committed to achieving excellence in environmental performance, preservation and promotion of clean environment. These are the fundamental concern in all our business activities.

❖ **Risk management**

Our risk management procedures ensure that the management controls various business related risks through means of a properly defined framework.

1. Board of Directors

The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with the requisite powers, authorities and duties.

(A) Composition of Board

The Board does not comprises such number of Executive and Non Executive Directors as required under applicable legislation. As on date of this Report, the Board consists of three Directors **and there are no independent directors**. Due to sudden resignation of all the Independent Directors of the Company in the month of August, the composition of Board, in pursuance of SEBI, LODR, 2015 Listing agreement has completely shattered and since then there is no Independent Directors in the Company.

None of the Directors on the Company's Board is a Member of more than ten Committees and Chairman of more than five Committees across all the Indian Public limited companies in which he is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies and do not hold the office of Director in more than fifteen public companies.

The Board also reviews the declarations made by the management regarding compliance with the applicable laws on a quarterly basis and also the Board Minutes of its subsidiary companies.

Composition and Category of the Board of Directors as on **March 31, 2016:**

Director	Category of Director	Number of Directorships in Other Companies (*)	Number of Memberships/ Chairmanships of Board Committees in other Companies (**)
Directors			
Mr. Jasjit Singh Sawhney	Director	1	-
Mr. Amarjit Singh Sawhney	Director	3	-
Mr. Surya S. Chadha	Director	1	-

*Excludes Directorships in Indian Private Limited Companies, Foreign Companies, Section 25/Section 8 Companies, memberships of Managing Committees of various Chambers/Bodies and Alternate Directorships.

**Represents Memberships / Chairmanships of Audit

Committee, Nomination & Remuneration Committee and Shareholders & Investors Grievance Committee of all Indian Public Limited Companies.

(B) Attendance of the Directors at Board Meetings, Last Annual General Meeting and Extra Ordinary General Meetings held during the year

(I) Board Meetings

In the year 2015-2016, four meetings of the Board of Directors were held during the year ended March 31, 2016 explicitly on 02.06.2015; 31.08.2015; 18.11.2015; 29.02.2016 The periodicity between the two Board Meetings was within the maximum time gap as prescribed in the Listing Agreement and the Companies Act, 2013.

The following table gives the attendance record of the directors meetings:

Name of the Director	Designation	No. of board meetings attended
Mr. Jasjit Singh Sawhney	Director	4
Mr. Amarjit Singh Sawhney	Director	4
Mr. Surya S. Chadha	Director	4

Board Meeting Schedules and Agenda

Board meetings are generally held within 45 days from the end of the quarter in the manner that it coincides with the announcement of quarterly results. Time gap between two consecutive meetings does not exceed 120 days. In case of urgent necessity additional board meetings are called. The meetings are generally held at the corporate office of the Company at **D-25, Sector-3, Noida**. Each director is expected to attend the Board meetings.

➤ **Agenda**

The Agenda for the Board meetings includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision. The agenda for each board meeting is circulated in advance to the Board members. All material information is incorporated in the agenda facilitating meaningful and focused discussions in the meeting where it is not practicable to attach any document in the agenda; the same is tabled before the meeting. In certain exceptional circumstances, additional item(s) on the agenda are permitted. Every board member is free to suggest items for inclusion in the agenda.

➤ **Compliance**

Company Secretary, in consultation with the Chairman, prepares the agenda of the board and committee meetings. The detailed agenda along with explanatory notes and annexure, as applicable are sent to the Board members well in advance at least a week before the meetings. In special and exceptional circumstances, additional or supplementary item(s) are permitted to be taken up as 'any other item'. Sensitive subject matters may be discussed at the meeting without written material being

circulated in advance. The Company Secretary, while preparing the agenda, minutes etc, is required to ensure adherence to all the applicable laws and regulations including the Companies Act, 2013

Post-meeting follow-up system

After the board meeting, we have a formal system of follow up, review and reporting on actions taken by the management on the decisions of the Board and sub-committees of the Board.

(II) Annual General Meeting

The Last Annual General Meeting of the members of the Company was held on 30.12.2015. Attendance of Directors in the aforesaid meeting is as under:

Name of the Director	Designation	Whether attended last AGM
Mr. Jasjit Singh Sawhney	Director	NO
Mr. Amarjit Singh Sawhney	Director	NO
Mr. Surya S. Chadha	Director	NO

(III) Extra Ordinary General Meeting:

No Extra Ordinary General Meeting was held during the financial year 2015-16.

Retirement / Appointment and Re-appointment of Directors/ Whole Time Directors / Managing Director

In accordance with provisions of Section 152 of Companies Act, 2013 read with the Articles of Association of the Company, Mr. Jasjit Singh Sawhney, Director, is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer himself for being re-appointed to the office of Director. The Board recommends for his appointment as Director of the Company. However, his appointment is subject to the approval of Shareholders at the ensuing Annual General Meeting of the Company.

Mr. Jasjit Singh Sawhney, Mr. Amarjit Singh Sawhney and Mr. Surya S. Chadha continue to act as the directors of the Company.

During the Financial year Mr. Jasjit Singh Sawhney was designated as Director from Managing director on 1st March, 2015

Resignation of Company Secretary:-

Ms. Nidhi, Company Secretary and the Compliance Officer of the company appointed with effect from 17th December, 2014 had resigned from the position as such with effect from June 5, 2015.

Relationship amongst Directors and their Relatives:-

Mr. Jasjit Singh Sawhney, Director is the son of Mr. Amarjit Singh Sawhney, Director of the Company. Apart from the above stated relationship between the two Directors, none of the other Directors have any of their relatives in the employment or on the Board of the Company.

Loans to Directors:-

No loans have been given to/or outstanding from any of the Directors of the Company.

Board Committees

In compliance with the Listing Agreements (both mandatory and non-mandatory), the SEBI Regulations, the Board has constituted various committees with specific terms of reference and scope. The objective is to focus effectively on the issues and ensure expedient resolution of the diverse matters. The committees operate as the Board's empowered agents according to their charter/terms of reference. They are set up under the formal approval of the Board, to carry out the clearly defined role which is considered to be performed by members of the Board, as a part of good Corporate Governance.

Currently, the Board has two Committees viz., **Stakeholders Relationship Committee, Management Committee.**

Keeping in view the requirements of the Companies Act, 2013 as well as SEBI. Listing Obligations Disclosure Requirements, 2015, the Board decides the terms of reference of various committees which set forth the purposes, goals and responsibilities of the Committees. All observations, recommendations and decisions of the committees are placed before the Board for information or approval.

The Board of Directors of your Company has very particularly determined the role and responsibilities of all the Committees while forming these committees. All the members of the Committees have been appointed in a very perceptive manner by the Board. However due to the sudden resignation of all the independent directors from the Company and because of Financial crunches the composition of committees is not as per the applicable provisions of the Companies Act, 2013 and Rules made there under.

Chairmanship/ Membership of Directors in Committees of the Board of Directors of the Company as on March 31, 2016

SN	Name	Audit Committee	Stakeholders Relationship Committee	Management Committee	Nomination & Remuneration Committee
1.	Mr. Jasjit Singh Sawhney	N.A.	Chairman	Chairman	N.A.
2.	Mr. Amarjit Singh Sawhney	N.A.	Member	Member	N.A.
3.	Mr. Surya S. Chadha	N.A.	N.A.	N.A.	N.A.

Audit Committee

➤ Terms of reference

The Audit Committee acts as a link between the Statutory and the Internal Auditors and Board of Directors. The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting process, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's Statutory and Internal Audit Activities. As per the Companies Act, 2013 & Listing Regulations Majority of the members are Non-executive Directors and each member shall have a rich experience in financial sector. The Committee is governed by a charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and Listing Regulations.

Chairman

This Committee was headed under the Chairmanship of Sandip K Ghosh during the Financial year 2014. However due to sudden Resignation of all the independent directors from the Company the Composition and chairmanship of audit Committee shattered. However the Company is trying very hard to come out of this situation and will establish the Committee very soon.

Meetings and Attendance during the year:

Since there were no Independent Directors in the Company and consequently the Audit Committee has also been extinguished. Hence, no meeting of such Committee has to be placed during the financial year.

STAKEHOLDER RELATIONSHIP COMMITTEE (SRC)

➤ Terms of reference

It was constituted specifically to review compliance of rules and regulations, to redress shareholder's grievance and to provide suggestions and further in pursuant to section 178(5) of Companies Act, 2013, the earlier Share Transfer and Investor Grievance Committee was reconstituted to be called as STAKEHOLDERS RELATIONSHIP COMMITTEE. To expedite the process of share transfers the Board has delegated the power of share transfer to the Registrar and Share Transfer Agents who will attended to the share transfer formalities at least once in a fortnight.

Terms of reference of the Stakeholder Relationship Committee are as per the guidelines set out in the listing agreements with the Stock Exchanges that inter-alia include looking into the investors complaints on transfer of shares, non receipt of declared dividends etc and redressal thereof.

Chairman

This Committee is headed by Mr. Jasjit Singh Sawhney

Meetings and Attendance during the year:

The meeting was held four times in a year, i.e, 02.06.2015, 31.08.2015, 18.11.2015 & 29.02.2016

Management Committee

Role:-

The terms of reference includes:

- (i) opening/closing/maintaining or operating of banks accounts and authorization for the same,
- (ii) Appointment of attorneys for and on behalf of the Company for specific and general purposes,
- (iii) Supervision of the functioning of all the operational activities and day to day affairs of the Company, and other tasks entrusted or delegated by the Board of Directors from time to time.

Chairman

The Committee is headed under the Chairmanship of Mr. Jasjit Singh Sawhney, Chairman and the Director of the Company. He is B.A. Hons (Law & Economics) having a vast knowledge and expertise in the internet related industry.

Meetings and Attendance during the year

The Committee, during the year 2015-2016, met 4times. The attendance of each member is given as hereunder:

Name of Director	Chairman / Member	Number of Meetings Attended
Mr. Jasjit Singh Sawhney	Chairman	4
Mr. Amarjit Singh Sawhney	Member	4

NOMINATION AND REMUNERATION COMMITTEE

➤ TERMS OF REFERENCE

This Committee shall identify the persons, who are qualified to become Directors of the Company / who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also shall carry out evaluation of every director's performance. Committee shall also formulate the criteria for determining qualifications, positive attributes, independent of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees

Meetings and Attendance during the year

Since there are no Independent Directors in the Company and consequently the Nomination & Remuneration Committee has also been extinguished. During the financial year 2015-2016, no Remuneration Committee Meeting was held.

➤ REMUNERATION POLICY

Remuneration to Non-Executive Directors

The Non-Executive Directors are paid remuneration by way of Sitting Fees. The Non-Executive Directors are paid sitting fees for each meeting of the Board or Committee of Directors attended by them. The total amount of sitting fees paid during the Financial Year 2015-16 was Nil due to financial crunches. The Non- Executive Directors do not have any material pecuniary relationship or transactions with the Company.

Remuneration to Executive Directors

The appointment and remuneration of Executive Director will be governed by the recommendation of the Nomination and Remuneration Committee once it will be duly formulated, resolutions passed by the Board of Directors and shareholders of the Company. The remuneration package of Executive Director will comprise of salary, perquisites, allowances, and contributions to Provident and other Retirement Benefit Funds as approved by the shareholders at the General Meetings.

The remuneration policy is directed towards rewarding performance, based on review of achievements. It is aimed at attracting and retaining high caliber talent.

Remuneration Paid to Directors

No remuneration were paid to any director during the Financial year 2015-2016

Independent Directors:-

As stated above the Company does not have any Independent Director on its Board during the financial year 2015-2016

Disclosures

a) Related party transactions

All transactions entered into with Related Parties as defined under Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. A statement in summary form of transactions with related parties in the ordinary course of business and arm's length basis is periodically placed before the Board in the absence of Audit Committee for approval.

None of the transactions with related parties were in conflict with the interest of the Company. All the transactions are in the normal course of business and have no potential conflict with the interest of the Company at large and carried out on an arm's length basis or fair value.

b) Compliances by the Company

The Company has, to the extent possible, complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities. However, due to the immediate and consecutive resignation of all the independent directors, the Composition of Board has been traumatized and the Company had defaulted in Clause-49 of the Listing Agreement for the year ended on March 31, 2016. But, the management is concerning the issue and is taking appropriate steps to revive the Board's Composition. The Stock Exchange has levied a penalty on the company for non appointment of women director.

c) Material transactions with senior managerial personnel

During the year, no material transaction has been entered into by the Company with the senior management personnel where they had or were deemed to have any personal interest that may have a potential conflict with the interest of the Company. The Company has obtained requisite declarations from all senior management personnel in this regard and the same were placed before the Board of Directors.

d) Other Disclosures

The Company has also laid down the procedures to inform the Board members about the risk assessment and minimization procedures. During the year, the Company did not raise any money through **public issue, right issue or preferential issue** and there was no unspent money raised through such issues.

e) **Code of Conduct:** The Company has adopted a Code of Conduct for the members of the Board of Directors and the senior management of the Company. The Code of Conduct is displayed on the website of the Company. All the directors and the senior management personnel have affirmed compliance with the code for the financial year ended 31st March 2016.

Means of Communication

a) Quarterly Results:

Quarterly Results of the Company are generally published, inter alia, in Live Mint (English) & Hari Bhoomi ((Hindi) newspapers respectively.

Financial reporting for the quarter ending June 30 , 2015	01.09. 2015
Financial reporting for the quarter ending September 30, 2015	20.11.2015
Financial reporting for the quarter ending December 31 , 2015	01.03 2016
Financial reporting for the quarter ending March 31, 2016	18.06. 2016

b) Website:

Company's corporate website www.Net4.in provides comprehensive information on company's portfolio of businesses. The website has an entire section dedicated to Company's profile, its core values, corporate governance, business lines and Industry sections. An exclusive section on 'Investor relations' enables them to access information at their convenience. The entire Reports as well as quarterly, half yearly, annual financial statements, releases and shareholding pattern are available on website as a measure of added convenience to the investors.

c) News Releases, Presentations, etc.:

Official news releases, detailed presentations made to media, analysts, institutional investors, etc. are displayed on the Company's website www.net4india.com . Official media releases are also sent to the Stock Exchanges.

d) Annual Report:

Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Director's Report, Auditor's Report and other important information is circulated to members and others entitled thereto. The Annual Report of the Company is available on the Company's website in a user- friendly and downloadable form.

e) Management Discussion and Analysis:

The Management's Discussion and Analysis (MD & A) Report forms part of the Annual Report.

f) Intimation to the Stock Exchanges:

The Company intimates the Stock Exchanges all price sensitive information or such other matters which in its opinion are material and of relevance to the Shareholders.

g) Corporate Filing and Dissemination System (CFDS):

Pursuant to Listing Regulations, the company during the year has uploaded financial information like annual and quarterly financial statements, segment-wise results and shareholding pattern on the CFDS website www.corpfiling.co.in.

h) Designated Exclusive email-id:

The Company has the following designated email-id investors@net4.com exclusively for investors servicing.

Green Initiatives Drive by the Ministry of Corporate Affairs, Government of India

As a part of "Green initiative" in Corporate Governance, Ministry of Corporate Affairs(MCA) vide Circular No.18/2011 dated 29.04.2011 has permitted paperless compliance by recognizing communications through electronic mode to shareholder under the Companies Act, 1956.

The Company, as a corporate entity, is committed to protect and conserve the natural environment in our operations and services. As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India, enabling electronic delivery of documents to the shareholders at their e-mail addresses registered with the Depository participants/Registrar & Share Transfer Agent.

The Company sends the communications to the shareholders by electronic mode. We request all the shareholders of the Company to register their email addresses with their depository participants to ensure that the annual report and other documents reaches them on their preferred email address. Shareholders who hold shares in physical form are requested to register their e-mail addresses with the Registrar & Share Transfer Agent, by sending a letter, duly signed by the first/ sole holder quoting details of Folio No.

a) General Information

Date of Book Closures	Friday, September 23, 2016 to Thursday, September 29, 2016 (both days inclusive)
Date, time and venue of the ensuing Annual General Meeting	December 30, 2016 at 11.30 A.M Paradise & Tribe Brunch Aruna Asaf Ali Road Vasant Kunj New Delhi 110070
Listing of Equity Shares on stock exchanges in India at	The National Stock Exchange of India Ltd. 5th Floor, Exchange Plaza, Bandra (E), Mumbai – 400 051

	The Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
	Delhi Stock Exchange Association Limited, 3/1, Asaf Ali Road, New Delhi – 110 003
Listing fees	The Company is in the process of making the payment of listing fees to all the above stock exchanges for the Year 2015-2016.
Stock Code	National Stock Exchange - “Net4” Bombay Stock Exchange - “532912” Delhi Stock Exchange – “113089”
Company's ISIN in NSDL & CDSL for Equity Shares	INE553E01012
Corporate Identification Number (CIN) of the Company	L72200DL1985PLC022649
Registered Office	139-A-1 S/F Mohammadpur, New Delhi-110061 Tel: 91-11-26711150 Fax: 91-11-41653217
Registrar & Shares Transfer Agent	Karvy Computershare Pvt. Ltd. Plot no. 17 - 24, Vithalrao Nagar, Madhapur, Hyderabad – 500 081 Tel: 040 – 23420815 – 24 Fax: 040 – 23420814

b) Share Transfer System

The Company's share transfer authority has been delegated to the Company's officials who generally consider and approve the share transfer requests on a fortnightly basis. The shares sent for physical transfer are generally registered and returned within a period of 15 days from the date of receipt of request, if the documents are complete in all respects. As per the requirements of clause 40(9) of the SEBI, LODR, 2015 with the Stock Exchanges, the Company has obtained half-yearly certificates from Practicing Company Secretary for due compliance of share transfer formalities.

c) Reconciliation of Share Capital Audit Report

As required under Regulation 55A of SEBI (Depositories and Participants), Regulations, 1996, the reconciliation of share capital audit report on the total admitted capital with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Ltd. ("CDSL") and the total issued and listed capital for each of the quarter in the financial year ended June 30, 2015 was carried out. The audit reports confirm that the total issued/ paid-up share capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

d) Dematerialization of Shares

The shares of the Company under compulsory dematerialization ("Demat") category and consequently, shares of the Company can be traded only in electronic form. The system for getting the shares dematerialized is as under:

- ❖ Share certificate(s) along with Demat Requisition Form (DRF) is to be submitted by the shareholder to the Depository Participant (DP) with whom he/she has opened a Depository Account.
- ❖ DP processes the DRF and generates a unique number viz. DRN.
- ❖ DP forwards the DRF and share certificates to the Company's Registrar & Shares Transfer Agent.
- ❖ The Company's Registrar & Shares Transfer Agent after processing the DRF confirm or reject the request to the Depositories.
- ❖ Upon confirmation, the Depository gives the credit to shareholder in his/her depository account maintained with DP.

As on March 31, 2016 about 96.47% of the equity shares issued by the Company are held in dematerialized form.

e) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments

The Company had not issued any ADR/ GDR/Warrants or any Convertible Instruments during the year 2015-2016 or any time before this period.

f) Capital structure as on March 31, 2016

Structure	No. of Shares	Percentage
Issued Capital	2,00,58,250	100.00
Listed Capital with DSE, NSE & BSE	2,00,58,250	100.00
Held in Demat Form in NSDL & CDSL	19349477	96.47
Held in Physical Form	708773	3.53

Address for Correspondence

The shareholders may address their communication/ suggestions/ grievances/ queries to the Registrar and Share Transfer Agents at their address mentioned above or to:

Director**Net 4 India Limited**

Registered Office: 139-A-1 S/F Mohammadpur, New Delhi-110061

Corporate Office: D-25, Sector 3, Noida – 201 301, Uttar Pradesh, E-Mail:
investorrelations@net4.in

**For and on behalf of Board of Directors of
NET 4 INDIA LIMITED**

**Sd/-
AMARJIT SINGH SAWHNEY**

Director

DIN 00110823

**Address:70, Poorvi Marg, Vasant Vihar,
New Delhi-110057**

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director and Executive Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors. These Codes are available on the Company's website.

I confirm that the Company has in respect of the year ended March 31, 2016, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Directors, Business Unit Heads, Head - Legal and the Company Secretary as on March 31, 2016.

By Order of the Board

Sd/-

AMARJIT SINGH SAWHNEY

Director

DIN 00110823

**Address: 70, Poorvi Marg, Vasant Vihar,
New Delhi-110057**

CERTIFICATE CLAUSE 49 (IX) OF THE LISTING AGREEMENT

We, the undersigned hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify such deficiencies.
- (d) We have indicated to the auditors
 - 1. Significant changes in internal control over financial reporting during the year;
 - 2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 3. Instance of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

By Order of the Board

Sd/-

AMARJIT SINGH SAWHNEY

Director

DIN 00110823

**Address: 70, Poorvi Marg, Vasant Vihar,
New Delhi-110057**

CERTIFICATE FROM THE COMPLIANCE OFFICER/COMPANY SECRETARY

I, Amarjit Singh Sawhney, Compliance officer confirm that the Company has:

- (i) Maintained all the statutory registers required under the Companies Act, 2013 ('the Act') and the Rules made there under.
- (ii) Filed all the forms and returns and furnished all the necessary particulars to the Registrar of Companies and/or Authorities as required by the Act.
- (iii) Issued all notices required to be given for convening of Board Meeting and General meeting, within the time limit prescribed by law.
- (iv) Conducted the Board Meetings and annual General Meeting as per the Act.
- (v) Complied with all the requirements relating to the minutes of the proceedings of the meetings of the Directors and the Shareholders.
- (vi) Made due disclosure required under the Act including those required in pursuance of the disclosures made by the Directors.
- (vii) Obtained all necessary approvals of Directors, Shareholders, Central Government and other Authorities as per the requirements.
- (viii) Paid dividend amounts to the Shareholders and unpaid dividend amounts, if applicable, have been transferred to the General Revenue Account of the Central Government or Investor Education and Protections Fund within the time limit prescribed.
- (ix) The Company has not completely Complied with the requirements of the Listing Agreement entered into with the Stock Exchange in India. The composition of the board is not as per the provisions of the clause 49 of the listing Agreement. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company had complied with the other conditions of Corporate Governance except in regard to the maintenance of Independent Directors on the Board and the committees of the Board for a major part of the year as stipulated in the abovementioned Listing Agreement.
- (x) The Company has not completely complied with other statutory requirements under the Companies Act, 2013 and other related statutes in force.

The certificate is given by the undersigned according to the best of her knowledge and belief, knowing fully well that on the faith and strength of what is stated above; full reliance will be placed on it by the Shareholders of the Company.

Sd/-
Amarjit Singh Sawhney
Compliance office

ANNUAL DECLARATION OF COMPLIANCE OF CODE OF CONDUCT

To,
The Board of Directors
Net4 India Limited

1. The Code of Conduct has been laid down for all the Board members and senior management and other employees of the Company.
2. The Code of Conduct is posted on website of the Company.
3. The Board members and senior management personnel have affirmed compliance with the code of conduct for the year 2015-2016

AMARJIT SINGH SAWHNEY

Sd/-

Director

DIN 00110823

**Address: 70, Poorvi Marg, Vasant Vihar,
New Delhi-110057**

PLACE: London
DATE: 31.08.2016

INDEPENDENT AUDITORS' COMPLIANCE CERTIFICATE

TO THE MEMBERS OF NET4 INDIA LIMITED

1. We have examined the compliance of conditions of Corporate Governance by **NET 4 INDIA LIMITED** ("the Company"), for the year ended on March 31, 2016, as stipulated in:

- Clause 49 (excluding clause 49 (VII) (E) of the Listing Agreements of the Company with stock exchanges) for the period April 1, 2015 to November 30, 2015.
 - Clause 49 (VII) (E) of the Listing Agreements of the Company with stock exchanges for the period April 1, 2015 to September 1, 2015.
 - Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) for the period September 2, 2015 to March 31, 2016 and
 - Regulations 17 to 27 (excluding regulation 23 (4)) and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the period December 1, 2015 to March 31, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has not complied completely with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.

5. We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company..

Laxmi Tripti & Associates
Chartered Accountant
FRN: 009189C

S/d
L.N.Agrawal
Partner
M.No:-078427

Form No. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2016

To,
The Members,
NET 4 India Limited
AB-11 Community Centre
Safadarjung Enclave
New Delhi -110029

We have conducted the Secretarial Audit (hereinafter called "the Audit or Audit") of the compliance of applicable Statutory, Regulatory provisions and the adherence to good corporate practices by NET 4 India Limited (hereinafter called "the company"). The Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes book, forms and statutory returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Audit and as per representations made by the Management, we hereby report that in our opinion and subject to our qualification and observation, the Company has, during the period from April 1, 2015 to March 31, 2016 generally complied with the statutory provisions listed hereunder and also that the Company has no proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

we have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 and made available to us, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulations) Act, 1956 and amendment made there under;
- (iii) The Depositories Act, 1996 and regulations and By-Laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act 1992")
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

- e. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act dealing with client.
- (vi) Other Laws applicable specifically to the Company
 - a. The Information Technology Act, 2000 and rules made there under
 - b. Software Technology Parks of India rules and regulations
 - c. Copy Right Act, 1957
 - d. The Patent Act, 1970
 - e. The Trade Marks Act, 1999

We have also examined compliances with applicable clause of secretarial standards issued by The Institute of Company Secretaries of India with respect to board and general meeting, the listing Agreements and SEBI (LODR) Regulation, 2015 entered into by the Company with the Stock Exchange where the securities of the Company is Listed.

We report that, during the year under review, the Company has complied with the provisions of the Acts, rules, regulations and guidelines mentioned above subject to some observation mentioned below.

We further report that there no actions/events in pursuance of:

- a. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- b. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
- c. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We further report that, based on information provided by the Company, its Officers and authorized representatives during the conduct of the Audit and in my opinion there does not exist adequate system and process and control mechanism in the Company to monitor and ensure compliance with applicable Laws like Labour Laws, Competition Law and Environment Laws.

We further report that the Compliance by the Company of applicable financial laws, like direct and indirect tax laws, Maintenance of financial records and books of accounts has not been review in the this audit since the same have been subject to review by statutory financial auditor and other designated professionals.

We further report following observations

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) 2015 and other applicable law, the Company has made the following violation during the year under review:

- 1) The Composition of Board is not as per the Act and SEBI(LODR) Regulations, 2015;
- 2) There is no Independent Director on the Board of Company.
- 3) The Company has not constituted the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Corporate Social Responsibility Committee.
- 4) The separate meeting of the Independent Directors of the Company was not held during the year.
- 5) There is no woman director on the Board.
- 6) The Company has not appointed Compliance officer as per SEBI(LODR) Regulation, 2015
- 7) There is non-compliance of Regulation 24 of SEBI SEBI (LODR) Regulation, 2015.
- 8) The appointment of Internal Auditor is not made by the Company during the FY 2015 – 16. Therefore the Internal Audit was not conducted for the year.

- 9) Non-Compliance of provisions relating to deposit as per the Act and the Companies Act, 1956 and the Rules made thereunder.

However as per information and explanation furnished to me, The Company has filed a repayment scheme with the Company Law Board for rescheduling payments to FD Holders. The Company has also forwarded its revival plan, which includes paying FD holders as per the scheme, settling all statutory dues and also setting all overdue debts.

- 10) 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 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.

- 11) The Companies 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 the Court.

As per the report of Statutory Auditor, the Company has defaulted in payment of bona-fide statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Cess to the extent applicable and any other statutory dues have not been regularly deposited with appropriate authorities.

As per the report of Statutory Auditor, the Company has defaulted in repayment of dues to a financial Institution, bank or other lender.

The Board of Directors of the Company is not duly constituted and there is proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We hereby confirm that our opinion and observations are based on the records, documents and information provided to us and these are not exhaustive. There may be other non-compliances also.

We further report that during the audit period the company there were specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the company's affairs.

Place: New Delhi
Date : 13/08/2016

Sd/-
Abnish Kumar
Abnish Kumar & Associates

ACS: 37803/C P No.: 14191

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

‘Annexure A

**To,
The Members,
NET 4 India Limited**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company.

Place : New Delhi

Date : 12/08/2016

**Sd/-
Abnish Kumar
Abnish Kumar & Associates
ACS: 37803/C P No.: 14191**

INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF
NET 4 INDIA LIMITED**

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of **NET 4 INDIA 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 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 the 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.

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.

BASIS FOR QUALIFIED OPINION

- During the financial year 2013-14, the Company had defaulted in repayment of principle and interest thereon of Term Loan taken from State Bank of India (SBI). The amount outstanding as on 31st Mar, 2016 is Rs. 2,334.16 Lacs. This loan had been classified as Non – performing Assets (NPA) by the Bank. There is no provision made during the current year for interest against such loans. The status of this loan has remained the same during the current financial year. State Bank of India (SBI) has also filed legal case before the P.O. (Presiding Officer) and Registrar against the Company. The above figure has been taken on the basis of audited financial statements for the year ended on 31st March, 2015. There is no communication received from bank in this regard.
- During the financial year 2013-14, the Company had defaulted in repayment of principle and interest thereon of Working Capital Loan taken from State Bank of India (SBI) and State Bank Travancore (SBT). The amount outstanding as on 31st Mar, 2016 is Rs. 11,378.73 Lacs. There is no provision made during the current year for interest against such loans. This loan had been classified as Non –performing Assets (NPA) by the Bank. The status of this Credit facility has remained the same during the current financial year. State Bank Travancore (SBT) has also filed legal case before the P.O. (Presiding Officer) against the Company. The above figure has been taken on the basis of audited financial statements for the year ended on 31st March, 2015. There is no communication received from bank in this regard.
- Unsecured loan has been taken from one of the Shareholders i.e. Ms. Suzanne Surendra Pal of Rs. 205 Lacs from Sep, 2013 by the Company. But the same has not been repaid during the current financial year. There is no provision made during the current year for interest against such loans. Further, it is a contravention of Section 74 of the Companies Act, 2013.
- Unsecured Loan taken from IBM India Pvt. Ltd. is Rs. 39.23 Lacs as per the books of accounts as on 31st March, 2016. There is no repayment of the same during the current financial year. There is no provision made during the current year for interest against such loans. The above figure has been taken on the basis of audited financial statements for the year ended on 31st March, 2015. There is no communication received from IBM India Pvt. Ltd. in this regard.
- Fixed Deposit amounting to Rs. 1,066.59 Lacs were due for repayment as on 31st March, 2016. There is no provision in the books during the year for penalty and damages for contravention of provision of fixed deposits as laid down in Companies Act, 2013. The company had applied for a scheme of reschedulement to the H'ble company laws board in Dec 2014 and has been following instructions for repayment of the company law board from time to time. Further, the management has indicated

further substantial payment has been made subsequent to 31st Mar, 2016 till date of this report.

- In respect of various loans as stated above, there is interest payable of Rs. 1,251.71 Lacs for the previous years outstanding in the books as on 31.03.2016.
- Income Tax demand of Rs. 1,286.98 Lacs from A.Y. 2004-05 to A.Y. 2011-12 not deposited and appeals has been filed against this demand or in the process of filing. Income Tax Return from A.Y. 2012-13 to A.Y. 2014-15 has also not been filed by the Company.
- Service Tax amounting to Rs.1,170 Lacs (approx) up to 31st March, 2016 not deposited by the Company but further reconciliation is required on account of cenvat credit, sales return etc to arrive at the correct amounts and Service Tax Return has also not been filed by the Company during the year.
- As per Books of accounts, Tax deduction at source (TDS) amounting to Rs. 109.60 Lacs as on 31st March, 2016 not deposited by the Company. TDS Return has also not been filed by the Company during the year except the first quarter in respect of Section 194I of the Income Tax Act, 1961. In some cases TDS has also not been deducted.
- As per books of accounts, Provident Fund amounting to Rs. 6.75 lacs as on 31st March, 2016 not deposited by the Company. PF Challan till Oct, 2015 has been filed by the Company.
- Employees State Insurance (ESI) amounting to Rs. 3.16 Lacs as per Books as on 31st March, 2016 not deposited by the Company. Consequently challan and return in respect of this has also not been filed by the Company during the year.
- As per the information and explanation received from the Management, the Company is registered under the Delhi VAT, UP VAT, Maharastra VAT, Karnatka VAT, Tamil Nadu VAT and Andhra Pradesh VAT but during the year, no transactions were made by the company and accordingly no VAT Liability has been arised during the year. However, the company has not filed VAT Return in any of the above VAT authorities during the year.
- Professional Tax amounting to Rs. 0.72 Lacs as per Books as on 31st March, 2016 not deposited by the Company. Consequently challan and return in respect of this has also not been filed by the Company during the year.
- Company has not made any provisions for the employee's benefits i.e. for Gratuity or Leave Encasement etc. during the year of audit.
- The Company has not provided bank accounts balance confirmation as on 31st March, 2016, in respect of some bank accounts.
- The Company has written off bad debts amounting to Rs. 708.24 Lacs during the year and makes provision for bad and doubt full debts amounting to Rs. 146.32 Lacs during the year. Due to the written off bad debts or provision of bad debts, the profit

for the year at 31st March, 2016 has been reduced by that amounts. Accordingly the net assets at 31st March, 2016 have also been reduced by the bad debts amounts.

- The Company has booked Loss on Redundant Assets of Rs. 968.40 Lacs during the year.
- As per AS-29 “Provisions, Contingent Liabilities and Contingent Assets” the Company is mandatorily required to make provisions for Audit Fee but the same has not provided in the books of accounts for the year ended 31st March, 2016.

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 matters describes 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;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2016;
- b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

OTHER MATTER

As per statutory records produced before us and explanations given us, our comments are as follows;

- The Composition of Board of Directors is not in terms of SEBI (Listing Obligations and Listing Requirements) Regulations, 2015.
- There was no Independent Directors in the company leading to non-compliance of the provisions of the SEBI (Listing Obligations and Listing Requirements) Regulations, 2015 as well as section 149 of the Companies Act, 2013.
- There was no Internal Auditor's as required under section 138 of the Companies Act, 2013.
- There was no Women director in the Board of the Company, leading to non-compliance of the applicable provisions. However, the Company has women director from 02nd Nov, 2014 to 05th Dec, 2015.
- There was no Audit Committee as required under section 177 of the Companies Act, 2013 and in terms of SEBI (Listing Obligations and Listing Requirements) Regulations, 2015.
- There was no Nomination and Remuneration Committee as required under section 178 of the Companies Act, 2013 and in terms of SEBI (Listing Obligations and Listing Requirements) Regulations, 2015.

- There was no Shareholder's and Investor Grievance Committee for the year in the Company.
- There was no compliance as required by the Regulation 24 of the SEBI (Listing Obligations and Listing Requirements) Regulations, 2015 i.e. corporate governance requirements with respect to subsidiaries companies.
- Non Compliance of provisions relating to public deposit i.e. repayment of deposits accepted before commencement of this act i.e. 01.04.2014 as per section 74 of the Companies Act, 2013. Since the company has accepted public deposit before 01.04.2014, which were due for repayment as on 31st Mar, 2016. However the company has filed scheme of reschedulement of fixed deposits in Dec 2014 and has been repaying fixed deposit to the holders as per the directions of the Company Law board from time to time.
- The company has litigations filed against it under various courts or authorities like Delhi High Court, Arbitration, and Registrar for various matters like recovery of debts, winding up petition, etc. As per available information & explanation provided by the management, the exact quantum of amount on these cases cannot be ascertained. However, almost all the cases involve disputed amounts and have been adequately challenged.
- Sundry Debtors and Sundry Creditors are subject to balance confirmation.
- As per Para 17 of the AS-22, "Accounting for Taxes on Income", where as enterprises has carry forward of losses under tax laws, deferred tax assets should be recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The company has amounting to Rs. 1,287.20 Lacs deferred tax assets as per books, but we are unable to find the convincing evidence that in future sufficient future taxable income will be available.
- A per our observation during audit, Directors residing out of India have been incurring expenses through Credit Card for which part payment is being made by the Company. As per board resolution dated 23rd Aug, 2013, the Company is maintaining the office at London, United Kingdom. For the part payment made by the company, these expenses have been further booked in the Company's books of accounts but we have not received all the supporting documents for the same.
- We are unable to find the status of the Micro and Small Enterprises, to whom the company owes, which are outstanding more than 45 days at 31st March, 2016. This information as required to be disclosed under the Micro, small and Medium Enterprises Development Act, 2006.

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, 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) 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 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;

(d) Except for the effects of the matter described in the basis for qualified Opinion paragraph above, 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) The matter described in the basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

(f) 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;

(g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

(h) 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

(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 Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company does have pending litigations which may have impact on its financial position in its financial statements – Refer Notes to the financial statements.

ii. The company did not have any long term contracts including derivatives contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.

iii. There were no amounts which were required to be transferred to Investor Education and Protection Fund. So, question of delay in transferring the amount into above funds does not arise.

FOR LAXMI TRIPTI & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN:-009189C

Sd/-
L.N. AGRAWAL
PARTNER
M.No.-078427

Place: Delhi
Date: 17.06.2016

ANNEXURE - A TO THE AUDITORS' REPORT

Annexure A referred to 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. However in some cases situation of its fixed assets have not been mentioned.
- (b) As explained to us, the physical verification of a major portion of fixed assets as on March 31, 2016 was conducted by the management during the year, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. As explained to us, the company has not purchased/sold goods during the year, but the company has some opening stocks, which was physically verified at reasonable interval by the management and no material discrepancies have been noticed on physical verification of stocks as compared to book records.
- iii. The Company has not granted any loans, secured or unsecured to any companies, firms, Limited Liabilities Partnerships or other parties as covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the order are not applicable.
- 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 and investments made.
- v. 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 Section 58A of the Companies Act, 1956 and the rules framed there under relating to the deposits accepted. The Company has defaulted in repayment of principal and interest thereon w.e.f. August 2013.

During the financial year 2015-16, the company has paid amount of principle and interest of Rs. 158.21 Lac. Total amount payable (due plus overdue amount) as on 31.03.2016 is Rs. 1,066.59 Lac. During the year, the company had received 10, complaints, out of which all 10 complaints were resolved.

As per explanation and records produced, the reason for defaults 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).

The company filed a scheme with CLB for repayment of fixed deposits and as on 31st Mar, 2016 had been repaying fixed deposits as per the directions of the CLB. The Company has also made further payments and entered into settlement agreements with numerous deposits holders that had approached the company for settlement.

- vi. As per information & explanation received by the management, The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company and hence this clause is not applicable to the company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including employees' state insurance, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have not been regularly deposited during the year by the Company with the appropriate authorities. However, the company is paying regularly the amount of provident fund to the concerned authorities. According to the information and explanations given to us, there were outstanding statutory dues as on 31st of March, 2016 for a period of more than six months from the date they become payable, which are as follows;

Particulars	Amount (Rs. in Lacs)
Service Tax (Approx)	877.36
Tax Deduction at Source (TDS)	53.35
Employees State Insurance (ESI)	1.60

- (b) According to the information and explanations given to us, there are no material dues of duty of customs and duty of excise which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax, sales tax, service tax and value added tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of dues	Amounts (Rs. In lacs)	Period to which amount relates	Forum where the disputes are pending
Income Tax Act, 1961	Income Tax	2.59	A.Y. 2004-05	
Income Tax Act, 1961	Income Tax	6.20	A.Y. 2005-06	
Income Tax Act, 1961	Income Tax	1.50	A.Y. 2006-07	
Income Tax Act, 1961	Income Tax	26.02	A.Y. 2008-09	
Income Tax Act, 1961	Income Tax	255.61	A.Y. 2009-10	
Income Tax Act, 1961	Income Tax	723.64	A.Y. 2010-11	
Income Tax Act, 1961	Income Tax	271.42	A.Y. 2011-12	
Finance Act, 1994	Taxability on SSL Certificate Whether Service Tax applicable	91.84 (Approx.) —(Excluding VAT or Interest Penalty)		Mumbai High Court and Commissioner Appeals
Finance Act, 1994	Service Tax applicability of	1141.64 (Approx.)	From 2008-09 to 2011-12	Service Tax Department,

	Domain prior to July, 2012	(Excluding Interest & Penalty)		Indraprastha
Maharastra Value Added Tax	Dispute regarding entitlement of Input VAT Credit (2010-11)	15.05 (Approx.) (Excluding Interest and penalty)		MVAT Department, Mumbai
Maharastra Value Added Tax	Liability created by Department	4.75 (Approx.) (Excluding interest & penalty)		MVAT Department, Mumbai

viii. Based on our audit procedures and on the information and explanations given by the Management, we are in the opinion that, the company has been in default of dues of loans or borrowings from banks during the year, which are as follows;

<u>Name of the Banks</u>	<u>Principals including interest as on 31.03.2016 (Amt in Lacs)</u>
SBI-65150	9,436.21
SBT-65003	1,517.14
SBT As Hoc	505.38
Term Loan _ Chennai Projects	2,334.16
Interest Payable NPA Liability	1,251.71

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

FOR LAXMI TRIPTI & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN:-009189C

Sd/-
L.N. AGRAWAL
PARTNER
M.No.-078427

Place: Delhi
Date: 17.06.2016

ANNEXURE - B TO THE INDEPENDENT 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 NET 4 INDIA 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.

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.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2016:

- a. The Company did not have Internal auditor's as required by the Companies Act, 2013, which is one of the essential components of internal control, with regards to the potential for fraud when performing risk assessment.
- b. The Company's internal control system for loans and liabilities, statutory dues and returns and repayment of fixed deposits were not operating effectively, which could potentially result in the Company goes to the various legal cases for the above mentioned liability.
- c. The Company does not has proper internal control system for collection of amount from its debtors or Trade receivable, due to which heavy amount of bad debts are being written off every year, thereby resulting in the reduction of net profit and net assets of the company every year.
- d. The company does not has proper internal control system for compliance of various matters as referred above in our "Other Matter" para as required by the SEBI (Listing Obligations and Listing Requirements) Regulations, 2015 as well as Companies Act, 2013.

A 'material weakness' is a deficiency or a combination of deficiencies in internal financial control over financial reporting such that there is reasonable possibility that a material misstatement of the company's annual financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objective of the control criteria, the Company has maintained adequate and effective internal financial controls system over financial reporting 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.

We have considered the material weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the March 31, 2016 standalone financial statements of the company, and these material weaknesses do not affect our opinion on the standalone financial statements of the Company.

FOR LAXMI TRIPTI & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN:-009189C
Sd/-
L.N. AGRAWAL
PARTNER
M.No.-078427

Place: Delhi
Date: 17.06.2016

NET 4 INDIA LIMITED
BALANCE SHEET AS AT 31 MARCH 2016

Rs. in Lacs

	Note	March 31 ,2016	March 31 ,2015
EQUITY AND LIABILITIES			
Shareholder's Fund			
Share capital	3	2,005.83	2,005.83
Reserves and surplus	4	(14,882.63)	(13,323.45)
Non Current Liabilities			
Long term borrowings	5	3,605.75	3,762.21
Deferred tax liabilities		-	-
Long term provisions	6	42.39	42.39
Current Liabilities			
Short term borrowings	7	11,810.05	12,652.51
Trade payables	8	638.55	286.31
Other current liabilities	9	4,370.56	4,143.83
Short term provisions	10	56.35	54.82
		7,646.86	9,624.43

ASSETS

Non Current Assets

Fixed assets	11		
Tangible assets		1,119.76	2,081.70
Intangible assets		213.13	250.75
Capital work in progress		1,117.96	1,845.94
Long term investment		490.90	490.90

	12		
Long term loans and advances	13	145.87	262.96
Deferred tax assets		1,287.20	1,136.43
Current Assets			
Current investments	12	1.46	1.46
Inventories	14	49.96	49.41
Trade receivables	15	1,184.36	1,626.10
Cash and cash equivalents	16	836.15	877.91
Short term loans and advances	17	1,200.11	1,000.87
		7,646.86	9,624.43
		0.00	

Significant accounting policies 2

The accompanying notes are an integral part of the financial statements

As per our report of even date attached,

Laxmi Tripti & Associates
Chartered Accountants

Sd/-	Sd/-	Sd/-
	Amarjit S.	
Laxmi Tripti	Sawhney	Jasjit S. Sawhney
Partnership	Director	Director

FRN No: 009189C

Place :London

Date : 17.06.2016

NET 4 INDIA LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 March 2016

Rs. in Lacs

	Note	March 31 ,2016	March 31 ,2015
CONTINUING OPERATIONS			
Revenue from operations			
Domestic		3,218.91	3,357.48
Overseas			
		3,218.91	3,357.48
Other Income	18	884.87	881.26
Total Revenue		4,103.78	4,238.75
Expenses			
Cost of sales and services	19	1,877.11	1,416.46
Employee benefit expenses	20	762.58	901.38
Finance costs	21	24.03	422.84
Depreciation and amortization expenses	11	374.29	1,767.82
Other expenses	22	2,774.86	5,791.07
Total Expenses		5,812.86	10,299.57
Profit Before Tax (3-5)		(1,709.08)	(6,060.82)
Tax Expense			
Current tax		-	-
Deferred tax		(149.90)	(727.50)
Profit /(Loss) for the year		(1,559.18)	(5,333.32)

Earning / (Loss) per equity share - basic and diluted (Rs)	(7.77)	(26.59)
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Significant accounting policies	2
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The accompanying notes are an integral part of the financial statements

As per our report of even date attached,

Laxmi Tripti & Associates

For and on behalf of the Board of Directors

Chartered Accountants

Sd/-

Laxmi Tripti

Sd/-

Sd/-

Partnership

Amarjit S.
Sawhney

Jasjit S. Sawhney

FRN No: 009189C

Director

Director

Place : London

Date : 17.06.2016

NET 4 INDIA LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

Rs. in Lacs

	2015-16	2014-15	
CASH FLOW FROM OPERATING			
A. ACTIVITIES			
Net Profit/(Loss) before tax and extraordinary items	(1,709.08)	(6,060.82)	
Adjustments for :			
Depreciation and amortisation	374.29	1,767.82	
(Loss)/Profit on sale of investment/ assets	968.40		
Provision for diminution in value of investment	-	-	
Bad debts	188.30	1,378.50	
provision on doubtful debts	146.32	1,315.58	
provision on doubtful advances	-	654.62	
Balance written off	519.94		
Interest costs	24.03	422.84	
Interest and dividend income	-	(0.63)	
Preliminary exp written off	-	-	
Operating profit before working capital changes	512.21	(522.10)	
Adjustments for :			
Trade receivables	(266.51)	(2,736.54)	
Inventories	(0.55)	198.67	
Current assets, loans and advances	316.33	5,872.38	
Provision for retirement benefits	-	5.06	
Current liabilities	578.98	(2,414.80)	
Cash generated from operations	1,140.46	402.67	
Taxes paid	(151.97)	(119.97)	
NET CASH GENERATED/(USED) BY OPERATING ACTIVITIES	988.49	282.69	

B. CASH FLOW FROM INVESTING ACTIVITIES

Purchase of fixed assets and change in capital work in progress	(8.31)	(7.67)
Proceeds on disposal of fixed assets	1.00	-
Proceeds on disposal of investments	-	-
NET CASH USED IN INVESTING ACTIVITIES	(7.31)	(7.67)

CASH FLOW FROM FINANCING**C. ACTIVITIES**

Proceeds from secured loans	(238.21)	343.65
Net proceeds from unsecured loans	(760.70)	(217.27)
Interest income	-	0.63
Interest costs	(24.03)	(422.84)
T CASH GENERATED FROM FINANCING ACTIVITIES	(1,022.94)	(295.83)

NET INCREASE / (DECREASE) IN CASH AND CASH**D. EQUIVALENTS (A) + (B) + (C)**

CASH AND CASH EQUIVALENTS , beginning of year (Refer Note 16)	877.91	898.72
CASH AND CASH EQUIVALENTS , end of the year (Refer Note 16)	836.15	877.91

Notes : (1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard -3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India

(2) Previous year's figures have been regrouped wherever necessary.

AUDITORS' CERTIFICATE

We have verified the above Cash Flow Statement of Net 4 India Ltd derived from the audited financial statements for the year ended March 31, 2016, and found the same to be drawn in accordance therewith

and also with the requirements of Clause 32 of the listing agreement with stock exchange.

Laxmi Tripti & Associates	Sd/- Amarjit S. Sawhney	Sd/- Jasjit S.Sawhney
Chartered Accountants	Director	Director
Sd/- Laxmi Tripti Partnership		
Place : London		
Date:17.06.2016		

NET 4 INDIA LIMITED
Notes to the Balance Sheet as at

Rs. in Lacs

	March 31,2016		March 31,2015	
NOTE '3'				
SHARE CAPITAL				
	No.	Rs.	No.	Rs.
Authorised				
Equity shares of Rs 10 each with voting rights	24,000,000	2,400.00	24,000,000	2,400.00
Preference shares of Rs 10 each	1,000,000	100.00	1,000,000	100.00
		2,500.00		2,500.00
Issued, subscribed and paid -up				
2,00,58,250 (P.Y.2,00,58,250) equity shares of Rs.10 each fully paid up	20,058,250	2005.83	20,058,250	2,005.83
		2,005.83		2,005.83
a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year.	No.	Rs.	No.	Rs.
Equity shares with voting rights				
At the begning of the year	20,058,250	2,005.83	20,058,250	2,005.83
Issued during the year	-	-	-	-
At the end of the year	20,058,250	2,005.83	20,058,250	2,005.83
b) Details of shareholders holding more than 5% shares in the company	No.	% holding	No.	% holding
Equity shares with voting rights				

Jiwan Financial Holdings Limited	3,500,000	17.45%	3,500,000	17.45%
Trak Online Net India (P) Limited	889,290	4.43%	4,806,000	4.43%
Sterling Capital (P) Limited	494,255	2.46%	1,963,259	2.46%
Madison India Capital HC	1,697,812	8.46%	1,697,812	8.46%
IFCI factor Limited	3,232,874	16.12%	3,232,874	16.12%

NOTE '4'

RESERVES AND SURPLUS

Securities premium reserve

Opening balance	4,068.38	4,068.38
Addition during the year		
Closing balance	<u>4,068.38</u>	<u>4,068.38</u>

General reserve

Opening balance	454.20	454.20
Add: Transferred from surplus in statement of Profit and Loss Account	<u>-</u>	<u>-</u>
Closing balance	<u>454.20</u>	<u>454.20</u>
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statement	(17,846.03)	(12,512.71)
Profit/ (Loss) for the year	(1,559.18)	(5,333.32)
Excess provision for tax for earlier years, written back	<u>-</u>	<u>-</u>
Net surplus in the statement of profit and loss	<u>(19,405.20)</u>	<u>(17,846.03)</u>
Total reserves and surplus	<u>(14,882.63)</u>	<u>(13,323.45)</u>

NET 4 INDIA LIMITED**Notes to the Balance Sheet as at***Rs. in
Lacs*

	March 31,2016	March 31,2015
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NOTE '5'**LONG TERM BORROWINGS**

Secured

- Term loan from banks	2,334.16	2,334.16
- loans	-	(1.76)

Unsecured

- From Banks/Institutions	-	-
- From others	205.00	205.00
- Fixed deposits	1,066.59	1,224.80

	3,605.75	3,762.21
--	-----------------	-----------------

a. Term Loan SBI was taken in FY 2011-12 and carries interest @ 2.9%+SBI Base Rate p.a. The loan is repayable in 62 monthly installments. Term Loan is secured by hypothecation of entire fixed assets of the company. It is also secured against property situated at Site No. 12 and S. Nos. 33, 33/4A, 33/4B, 33/4C, 33/3B1, 33/6B, 34 and 34.7, KCG College Road, Karapakkam, Chennai. Further, the loan has been secured by personal guarantee of the directors. During the year company has defaulted in repayment from September 2013.

b. Vehicle loan from ICICI Bank is secured by hypothecation of vehicles. The loan is repayable in monthly installments and carries interest @ 10%-12% p.a.

c. Unsecured Loan from Banks and Financial Institutions carries interest @ 7% to 19% p.a. and is repayable in monthly installments. Deposits from public carry interest @ 11% to 12.5 % and are repayable on maturity. Inter Corporate deposits from carry interest @ 15% to 17% and are repayable on

maturity. During the year company has defaulted in repayment from September 2013.

NOTE '6'

LONG TERM PROVISIONS

Provision for employee benefits

- Provision for gratuity	42.01	42.01
- Provision for leave encashment	0.38	0.38
	42.39	42.39

NOTE '7'

SHORT TERM BORROWINGS

Secured

- Cash credit / working capital loans
(secured against entire current assets)

11,378.73	11,460.49
-----------	-----------

Unsecured

Fixed deposits

-	-
---	---

Inter corporate loans

431.32	292.02
--------	--------

From others

-	900.00
---	--------

11,810.05	12,652.51
------------------	------------------

a. Cash Credit from State Bank of India is secured by hypothecation of entire current assets and fixed assets of the company. It is also secured against residential property of situated at Brighton, East Sussex, London and B-4/39, Safdarjung Enclave New Delhi, Land and Building at D 25, Sector 3, Noida, Agricultural Land in Gurgaon. Further, the loan has been secured by personal guarantee of the directors. The cash credit is repayable on demand and carries interest @ 2.75%+SBI Base rate p.a. During the year company has defaulted in repayment from September 2013.

b. Cash Credit from State Bank of Travancore is secured by hypothecation of entire current assets of the company and Fixed Deposit of 25% of sanctioned facilities. The loan has been guaranteed by corporate

guarantee of Net 4 Communications Ltd and personal guarantee of the directors. The cash credit is repayable on demand and carries interest @ 2.75%+SBT Base rate p.a. During the year company has defaulted in repayment from September 2013.

NOTE '8'

TRADE PAYABLES

- Trade payables	638.55	286.31
	638.55	286.31

NOTE '9'

OTHER CURRENT LIABILITIES

Current maturities of long term debts	39.23	39.23
Interest accrued but not due	1,251.71	1,250.82
Interest accrued and due	2.80	2.45
Unearned revenue	23.33	40.00
Unclaimed dividend	0.10	0.10
Advances from customers	-	-
Accrued salaries and benefits	66.52	134.74
Expenses payable	10.30	157.62
Withholding and other taxes payable	1,279.34	957.83
Other liabilities	235.34	245.45
Provision for doubt full debts	1,461.90	1,315.58
	4,370.56	4,143.83

NOTE '10'

SHORT TERM PROVISIONS

Provision for employee benefits

		-
- Provision for gratuity	48.95	47.55
- Provision for leave encashment	7.40	7.27
Provision for tax (net of advance tax)	-	-
	56.35	54.82

NET 4 INDIA LIMITED

SCHEDULE TO THE BALANCE SHEET AS 31.03.16

NOTE -11
FIXED ASSETS

Rs. in Lacs

Asset	Gross Block as on 1.4.2015	Addition	Date of Purchase	Sale/Adjustment	Date of sale	Total as on 30.6.2015	Dep till 31.3.2015	Sale/Adjustment	Dep for the year	Total Dep as on 30.6.2015	WDV as on 30.6.2015	WDV as on 31.3.2015
Building	383.78	-		-		383.78	148.77		11.36	160.13	223.65	235.01
Furniture	282.85	1.43	03/11/15	54.38		229.90	259.60	49.07	4.11	214.64	15.26	23.25
Office Equipment	542.25	0.20	42,276.00	38.70		503.75	490.21	36.32	20.50	474.39	29.36	52.03
Vehicle	83.35	-		83.35		-	73.63	73.64	-	(0.01)	0.01	9.72
Computer	8,347.85	6.67	23/06/2015	2,568.64		5,785.88	6,891.29	1,963.45	300.66	5,228.50	557.38	1,456.56
Leasehold	32.25	-		30.26		1.99	20.57	19.15	0.04	1.46	0.53	11.68
Land	293.44	-		-		293.44	-	-	-	-	293.44	293.44
Sub Total (A)	9,965.78	8.31		2,775.33	-	7,198.75	# 7,884.08	2,141.63	336.67	6,079.11	# 1,119.64	2,081.69

Trademarks	750.00	-	-		750.00		500.00		37.50	537.50		212.50	250.00	
Hosting Platform	65.00	-	-		65.00		65.00		-	65.00		-	-	
Technology	257.50	-	-		257.50		257.50		-	257.50		-	-	
Goodwill	46.73	-	-		46.73		45.97		0.12	46.09		0.64	0.76	
Sub Total (B)	1,119.23	-	-		1,119.23		868.47	-	37.62	906.09		213.14	250.76	
Total (A+B)	11,085.01	8.31		2,775.33	-	8,317.98	#	8,752.55	2,141.63	374.29	6,985.20	#	1,332.78	2,332.45
Capital Work in Progress	1,117.96					1,117.96								
Sub Total (C)	1,117.96	-	-	-	-	1,117.96	#	-	-	-	-	#	1,117.96	1,845.94
Total (A+B+C)	12,202.97	8.31	-	2,775.33	-	9,435.94	#	8,752.55	2,141.63	374.29	6,985.20	#	2,450.74	4,178.39

NET 4 INDIA LIMITED**Notes to the Balance Sheet as at***Rs. in Lacs***March 31,2016****March
31,2015****NOTE '12'****INVESTMENTS****(a) LONG TERM INVESTMENTS (UNQUOTED)
AT COST**

Non Trade

In subsidiary companies

2,805,000 (P.Y.2,805,000) shares of Rs.10 each
fully paid
up of Net 4 Communications Limited, a wholly
owned subsidiary

2,007.00

2,007.00

64,775 (P.Y.NIL) shares of Rs.10 each fully paid
up of Pipetel Communications
Private Limited, a wholly
owned subsidiary

415.26

415.26

50,000 (P.Y.NIL) shares of Rs.10 each fully paid
up of Net 4 Network Services, a wholly owned
subsidiary

5.00

5.00

10,000 (P.Y.NIL) shares of HKD 1 each fully paid
up of Net 4 Honk Kong, a wholly owned
subsidiary

0.67

0.67

In other companies

9,900 (P.Y. 9,900) shares of Rs.10 each fully
paid up

- -

of Net 4 Technology Limited

70,500 (P.Y. 70,500) shares of Rs.100 each fully
paid up of Net 4 Barter Private Limited

70.50

70.50

1 (P.Y.Nil) shares of 1500 euro each fully
paid up of Denic EG

0.96

0.96

Less : Provision for Dimunition in value of
investment

(2,008.49)

(2,008.49)

	490.90	490.90
(b) CURRENT INVESTMENTS		-
SBI Infrastructure Fund - Series I		
20,000 (P.Y. 20,000) units of Rs. 10 each	2.00	2.00
less : provision for diminution in value of investment	(0.54)	(0.54)
	1.46	1.46
	492.36	492.36
Aggregate book value of quoted investments	2.00	2.00
Market value of quoted investments	1.56	1.56
NOTE '13'		
LONG TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Security deposits	145.87	262.96
	145.87	262.96
NOTE '14'		
INVENTORIES		
(At lower of cost or net realisable value)		
Stock in trade	49.96	49.41
	49.96	49.41

NOTE '15'

TRADE RECEIVABLE

(Unsecured and considered good)

Over six months	1,184.36	1,626.10
Others		
Less: provision for doubtful debts		
	1,184.36	1,626.10

NOTE '16'**CASH AND CASH EQUIVALENTS**

Cash in hand	30.59	44.35
With scheduled banks in:		
Current accounts	1.66	70.48
Deposit accounts as margin money	797.77	756.95
Deposit accounts	6.13	6.13
Unclaimed dividend accounts		
	836.15	877.91

Note:Balance with current accounts maintained with bank includes 7 non-operating current accounts amounting Rs. 3.18 lacs.

NOTE '17'**SHORT TERM LOANS AND ADVANCES**

(Unsecured and considered good)

Advance income tax	374.45	222.48
Advance fringe benefit tax		- -
Interest accrued	41.77	41.77
Prepaid expenses	60.44	59.10
Intercompany loans		-

		7.51
Advances recoverable in cash or in kind or for value to be received	723.46	670.01
Less: Provision for doubtful advance		-
	1,200.11	1,000.87

NOTE '18'

OTHER CURRENT ASSETS

Miscellaneous Expenditure (to the extent not written off)		-
Deferred premium		-
		-

NET 4 INDIA LIMITED
Notes to the Profit and Loss Account for the
year ended

Rs. in Lacs

March 31,2016

March 31,2015

NOTE '18'

OTHER INCOME

Sale of shared services including facilities and personnel

884.14

880.42

Balances written back

-

-

Interest

-

0.63

Profit on sale of fixed assets

0.73

Miscellaneous income

0.00

0.22

884.87

881.26

NOTE '19'

COST OF SALES AND SERVICES

(Increase)/decrease in stock

(0.55)

198.67

Purchases and other direct cost

1,877.66

1,217.79

1,877.11

1,416.46

NOTE '20'

EMPLOYEE BENEFIT EXPENSES

Salaries, wages and bonus

762.58

901.38

(*includes contribution to providend

and other funds, staff welfare,

staff training and other expenses)

762.58

901.38

NOTE '21'

FINANCE COST

Interest on borrowings	-	-
Other borrowing cost	24.03	422.84
	<u>24.03</u>	<u>422.84</u>

NOTE '22'

OTHER EXPENSES

Rent	163.19	237.27
Electricity and water charges	192.61	252.99
Communication	27.23	21.35
Travelling and conveyance	137.52	115.70
Repair, maintenance and office expenses	156.80	104.87
Legal and professional charges	112.39	139.08
Bank charges	3.99	51.44
Security and support staff	17.17	24.54
Lease rental	39.43	-
Membership and subscription	-	-
Printing and stationery	10.96	6.00
Loss on redundant asset	968.40	-
Insurance premium	2.60	0.99
Auditors remuneration	0.80	3.50
Bad debts written off	188.30	1,378.50
provision on doubtful debts	146.32	1,315.58
Provision for Doubtful Advances	-	654.62
Directors' sitting fees	-	-
Conferences & Meetings	-	-
Miscellaneous expenses	29.83	9.20
Preliminary exp written off	-	-
Interior designing	4.08	-
Swach bharat cess exp.	0.69	-
Provision for dimunition in value of	-	-

investment

Advertising and marketing	-	-
Balances written off	519.94	1,460.84
Entertainment and business promotion	-	-
Sales commission and incentives	52.59	14.60
	<u>2,774.86</u>	<u>5,791.07</u>

Payments to the auditor

As Auditor:

Audit fee	3.00	3.00
Tax audit fee	0.50	0.50
Limited review	0.80	0.80

In other capacity:

Other services	3.20	3.20
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Net 4 India Limited (Standalone)

Notes to financial statements for the year ended 31 March 2016

1. Corporate Information

Net 4 India Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on BSE & NSE stock exchanges in India. The Company is India's leading Data Centre, Cloud Hosting and Network services provider. Net4 focuses on providing services to businesses (small, medium and large) and its offerings include Data Centre & Cloud Solutions Enterprise Internet Services, VOIP Solutions, and Enterprise Messaging & Hosting Solutions and Domain name registration. The company caters to both domestic and international markets. Net4 has the distinction of being the first Internet services company in the World to be ISO 27001 certified, for Information Security standards adopted at its Data Centers. It is also ISO 9001:2000 certified, a Microsoft Gold Partner and an ICANN & .IN accredited Domain Name Registrar.

2. Significant Accounting Policies**a. Basis of accounting and preparation of financial statements**

The financial statements are prepared in accordance with Indian Generally Accepted Accounting principles ("GAAP") under the historical cost convention on an accrual basis except for certain financial instruments which are measured at fair value. GAAP comprises mandatory Accounting Standards as prescribe under section 133 of the companies act 2013(Act) read with rule 7 of the companies (Accounts) rules, 2014, the provision of the act (to the extent notified) 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 requires a change in the accounting policy hitherto in use.

b. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

Where no reliable estimate can be made; a disclosure is made as contingent liability. Actual results could differ from those estimates and the difference between the

actual results and the estimates are recognized in the periods in which the results are known.

c. Inventories

Inventories are valued at the lower of cost (determined on First in First out basis) and estimated net realizable value.

Cost is inclusive of all purchase costs and other costs incurred in bringing the inventories to their present location and conditions.

d. Fixed Assets and Depreciation

(i) Tangible Assets:

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Costs directly attributable to the purchase of fixed assets are capitalized until fixed assets are ready for use. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use before the balance sheet date.

All assets discarded/ dismantled are written off assuming that the scrap value for the same is Nil. If and when such discarded assets are disposed off partially or fully, the amounts realized during the year are credited to the profit and loss account of that year.

(ii) Depreciation:

Depreciation of Tangible Assets is provided on the written down value method over the useful life of the asset, useful life is same as the useful life prescribed under part C of schedule II of the companies act 2013.

(iii) Intangible Assets and amortization:

Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis, commencing from the date the asset is available to the company for its use. Management, using reasonable and supportable assumptions, has estimated the useful lives for the intangible assets as follows:

Trademarks 20 years

Goodwill 10 years

Trademarks represent the brand image of the company and constitute an asset with no limited useful life. Based on advice received by the management and as per the provisions of the Trade Marks and Merchandise Act of 1999, the company can retain the ownership and registration of the trademarks perpetually by renewing the registration at the end of every ten years, leading to the view that the useful life of its trademarks are unlimited.

However, as a matter of abandon precaution, the cost of the Trademarks is being amortized over a period of 20 years.

e. Impairment of Assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at

by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

f. Investments

Trade investments are the investments made to enhance the company's business interests. Investments are either classified as current or noncurrent based on the management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value. Non Current Investments are stated at cost. Provision for diminution in their value is made only if such a decline is other than temporary in the opinion of the management.

g. Revenue Recognition

Sale of Goods

The Company recognizes revenue on accrual basis. Revenue from the sale of hardware/software products is recognized when the sale is completed with the passing of title.

Income from Services

Revenue from services is recognized in the ratio of period expired over the total agreement period. Revenue from Fixed Price Contracts is recognized proportionately over the period in which services are rendered. The consideration received from the customer's in respect of certain online services for an extended period is accounted for as revenue in the financial year in which consideration is received. Costs related to the revenue are also recognized in the same period. Hence the gross margin is not impacted (i.e. not overstated or understated). This method of revenue recognition and cost related to it is being consistently followed from previous year.

Other Income

Other income is recognized on accrual basis. Dividend income is recognized when the company's right to receive dividend is established.

Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sales price and the carrying value of the investment.

h. Foreign Currency Transactions

Initial recognition

Transactions in foreign currencies entered into by the company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are

translated at the exchange rates on the date of transaction. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

Treatment of Exchange Difference

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognized as income or expense in the Statement of Profit and Loss. The exchange differences on restatement / settlement of loans to non-integral foreign operations that are considered as net investment in such operations are accumulated in a "Foreign currency translation reserve" until disposal / recovery of the net investment.

The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalized as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets or amortized on settlement / over the maturity period of such items if such items do not relate to acquisition of depreciable fixed assets. The unamortized balance is carried in the Balance Sheet as "Foreign currency monetary item translation difference account" net of the tax effect thereon.

Accounting of forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortized over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.

i. Employee Benefits

Employee benefits include provident fund, gratuity fund, compensated absences and long service awards.

Defined contribution plans

The Company's contributions to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity fund and leave encashment, 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 the Statement of Profit and Loss in the period 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 obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

j. Research and Development

Revenue expenditure incurred on research and development is expensed as incurred. Capital expenditure is included in the respective heads under fixed assets and depreciation thereon is charged to the profit and loss account.

k. Borrowing Cost

Borrowing costs include interest, amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset is added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

l. Leases

Lease rentals in respect of assets taken on 'Operating Lease' are charged to the profit & loss Account on straight line basis over the lease term.

m. Earnings per Share

Basic earnings per share (EPS) are calculated by dividing the net profit after tax for the year (including the post-tax effect of extraordinary items, if any) attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split.

n. Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their reliability.

p. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing, and investing activities of the company are segregated.

q. Provision and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

The disclosure is made for all possible or present obligations that may but probably will not require outflow of resources as contingent liability. Contingent liabilities are disclosed in the Notes.

23. All amounts in the financial statements are presented in Rupees lakhs except share data.

24. Previous year's figures have been regrouped, rearranged and reclassified, wherever necessary to confirm to current year's classification.

25. Deferred Tax

Provision for deferred tax for the year ended March 31, 2016 has been made in accordance with the provisions of Accounting Standard 22 on Accounting for Taxes on Income, issued by The Institute of Chartered Accountants of India. The deferred tax charge of Rs. (149.90/-) (Previous year - Rs. 727.50/-), for the current year has been recognized in the Profit & Loss Account and comprises of the following:

	2015-16	2014-15
Related to fixed assets	(87.17)	(304.04)
Provisions charged in the financial statements but allowed as a deduction under the Income Tax Act in future years (To the extent considered realizable)	(62.73)	(423.46)
	<u>(149.90)</u>	<u>(727.50)</u>

26. Value of Imports on CIF Basis (on accrual basis)

	2015-16	2014-15
Capital Goods	NIL	NIL
	<u>NIL</u>	<u>NIL</u>

27. Earnings in Foreign Exchange (on accrual basis)

	2015-16	2014-15
Income from sales and services	NIL	NIL
	<u>NIL</u>	<u>NIL</u>

28. Expenditure in Foreign Currency (on accrual basis)

	2015-16	2014-15
Direct cost	1486.58	766.32
Travelling	NIL	NIL
Consultancy	NIL	NIL
Membership and Subscription Charges	-	-

Others	14.76	15.40
	1501.34	781.72

29. Managerial Remuneration

	2015-16	2014-15
Salary	-	-
Contributions to Provident and other funds	-	-
Sitting Fees	-	-
Total Remuneration	-	-

'if, in any financial year, a company has no profits or its profits are inadequate, the company shall not pay to its directors, including any managing or whole time director or manager, by way of remuneration any sum exclusive of any fees payable to directors under sub-section (5) hereunder except in accordance with the provisions of Schedule V and if it is not able to comply with such provisions, with the previous approval of the Central Government'

30. Provision for Doubtful Debts and Advances

Periodically the company evaluates all customer dues to the company for collectability. The need for provisions is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customer operates, and general economic factors, which could affect the customer's ability to settle. As at March 31, 2016, the company has provided Rs. 146.32lacs/- and Rs. NIL /- lacs on account of provision for doubtful debts and doubtful advances respectively. The company has written off Rs.188.30/-lacs (P.Y. Rs. 1378.50/-lacs) as bad debts during the year.

31. Segment Information

The company's operations predominantly relate to providing IP Communications sales and services. There is thus only one reportable business segment encompassing a comprehensive range of services, including software development, packaged software integration, collocation, web hosting, web development, web mailing solutions, internet telephony and sales and integration of related networking equipment.

Secondary segmental reporting is performed on the basis of the geographical location of customers.

Geographical Segment

Particulars	Year ended 31,2016	March	Year ended 31,2015	March
	Domestic	Overseas	Domestic	Overseas
Revenues		-		-
	3,218.91		3,357.48	
Net Fixed Assets				
	2,450.86		4,178.39	
Debtors				
	1,184.36		1,626.10	
Current Assets (Other than Debtors)	2,087.68		1,929.65	

32. Term Deposits aggregating to Rs. 756.95/- lacs (P.Y.Rs. 756.95/- lacs) have been pledged with Bank as a security towards facilities availed from Bank.

33. Sundry Creditors, to the extent to which they could be identified as small scale and ancillary undertakings on the basis of information available with the Company, do not include amounts greater than Rs. One Lakh outstanding for more than thirty days.

34. Leases

The Company's leasing arrangements are in respect of operating leases for premises (residential, office, stores etc). These leasing arrangements which are not non cancellable range between 11 months and 3 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are shown as Lease Rentals under Note '22'.

The Company also has leased facilities under non – cancellable operating leases for equipment for a period of 3 years. The future lease payments in respect of these leases are as follows:

	March 31, 2016	March 31, 2015
Obligations on non cancellable leases		
:		
Not later than one year	0.00	125.60
Later than one year but not later than five years	0.00	-
Total	0.00	125.60

35. Borrowing Costs

The amount of borrowing costs capitalized during the year is Rs 24.03/-lacs(P.Y. 422.84/- lacs)

36. Employee Benefits

Defined Benefit Plans

In accordance with Accounting Standard 15 (AS 15)-“Employee Benefits (Revised 2005)”, an actuarial valuation has been carried out in respect of gratuity and compensated absences. The discount rate assumed is 9%. The retirement age has been considered at 62 years and mortality table is as per IALM (2006-08) ULTIMATE. The company has not taken the valuation report as required under Accounting Standard 15 –Employees Benefits (Revised 2005) for the year ended 31st March, 2016 and the figures included as on 31st March, 2016 is same as previous year.

The following table’s sets out the disclosures relating to gratuity benefits as required by Accounting Standard-15, ‘Employee Benefits’:

Changes in the present value of obligations :	Gratuity As at 31/03/2016	Gratuity As at 31/03/2015
Present Value of Obligation at Beginning of year	83.96	83.96
Acquisition Adjustment	--	--
Interest Cost	6.71	6.71
Past Service Cost	--	--
Current Service Cost	5.41	5.41
Curtailment cost	-	-
Settlement Cost	-	-
Benefits Paid	0	0
Actuarial gain/loss on Obligations	(6.53)	(6.53)
Present Value of Obligation at end of Year	89.55	89.55

Changes in the fair value of plan assets :	Gratuity As at 31/03/2016	Gratuity As at 31/03/2015
Fair Value of Plan Asset at Beginning of year	15.84	15.84

Acquisition Adjustment	-	-
Expected Return on Plan Asset	1.26	1.26
Contributions	-	-
Benefits Paid	-	-
Actuarial gain/loss on Plan Asset	(1.26)	(1.26)
Fair Value of Plan Asset at End of year	15.84	15.84

Reconciliation of present value of defined benefit obligation and the fair value of plan assets :	Gratuity As at 31/03/2016	Gratuity As at 31/03/2015
Present Value of Obligation at end of Year	89.55	89.55
Fair Value of Plan Asset at End of year	15.84	15.84
Funded Status	(73.72)	(73.72)
Unrecognized actuarial gain/loss at end of the year	-	-
Net Asset(Liability) Recognized in Balance Sheet	(73.72)	(73.72)

Expenses recognized in the Profit & Loss Account :	Gratuity As at 31/03/2016	Gratuity As at 31/03/2015
Current Service Cost	(5.41)	(5.41)
Past Service Cost	-	-
Interest Cost	(6.71)	(6.71)
Expected Return on Plan Assets	1.26	1.26
Curtailment Cost	-	-
Settlement Cost	-	-
Actuarial gain/loss	(5.26)	(5.26)

recognized in the year		
Expense Recognized in Statement of Profit/Loss	(5.60)	(5.60)

The following table sets out the assumptions used in valuation of gratuity and leave encashment:

Actuarial Assumptions	Gratuity	Gratuity
	As at 31/03/2016	As at 31/03/2015
Mortality Rate	IALM 2006-08	IALM 2006-08
Superannuation Age	62	62
Early Retirement & Disablement	40.00 %	40.00 %
Discount Rate	8.00 %	8.00 %
Inflation Rate	0.00 %	0.00 %
Return on Asset	8.00 %	8.00 %
Remaining Working Life	28	28
Formula used	Projected Unit Credit Method	Projected Unit Credit Method

The following table's sets out the disclosures relating to leave encashment benefits as required by Accounting Standard-15, 'Employee Benefits':

Changes in the present value of obligations :	Leave Encashment	Leave Encashment
	As at 31/03/2016	As at 31/03/2015
Present Value of Obligation at Beginning of year	8.19	8.19
Acquisition Adjustment	--	--
Interest Cost	0.66	0.66
Past Service Cost	--	--
Current Service Cost	3.68	3.68
Curtailment cost	--	--
Settlement Cost	--	--
Benefits Paid	--	--

Actuarial gain/loss on Obligations	(4.87)	(4.87)
Present Value of Obligation at end of Year	7.65	7.65

Expenses recognized in the Profit & Loss Account :	Leave Encashment As at 31/03/2016	Leave Encashment As at 31/03/2015
Current Service Cost	3.68	3.68
Past Service Cost	--	--
Interest Cost	0.66	0.66
Expected Return on Plan Assets	--	--
Curtailment Cost	--	--
Settlement Cost	--	--
Actuarial gain/loss recognized in the year	(4.87)	(4.87)
Expense Recognized in Statement of Profit/Loss	(0.54)	(0.54)

The following table sets out the assumptions used in valuation of gratuity and leave encashment:

Actuarial Assumptions	Leave Encashment As at 31/03/2016	Leave Encashment As at 31/03/2015
Mortality Rate	IALM 2006-08	IALM 2006-08
Superannuation Age	62	62
Early Retirement & Disablement	40.00 %	40.00 %
Discount Rate	8.00 %	8.00 %
Inflation Rate	0.00 %	0.00 %
Return on Asset	0.00 %	0.00 %
Remaining Working Life	28 YEARS	28 YEARS
Formula used	Projected Unit Credit Method	Projected Unit Credit

37. Related Party Disclosures as required by Accounting Standard-18:

List of Related Parties and Relationships

- i) **Holding Companies**
None
 - ii) **Subsidiaries of the Company**
 - Domestic
Pipetel Communications Private Limited
Net 4 Network Services Limited
 - Overseas
Net4 HK Limited
 - iii) **Entity having Significant Influence**
IFCI Factor Limited
Jiwan Financial Holdings Ltd
Net4 Barter Private Limited
 - iv) **Key Management Personnel and relatives of such personnel**
 - Directors
Jasjit Sawhney*
Amarjit S. Sawhney*
Surya S Chadha
 - Relative of Director
Pawanjot Kaur Sawhney
SuzaneS Pai
- *Details of remuneration paid to directors are given in note 30 above.**
- v) **Entity where relative of Key Management Personnel exercises significant influence**
Sterling Capital Pvt Ltd

Significant Related Party Transactions

Nature of Transaction	Subsidiary Company	Entity having significant influence	Key Management Personnel and their relatives	Total
<u>Revenue Transactions</u>				
Purchase of goods and services	NIL	--	--	NIL
<i>Previous year</i>	<i>NIL</i>	--	--	<i>NIL</i>
Sale of goods and Services	NIL	--	--	NIL

Previous year	NIL	--	--	NIL
Sharing of costs and services (including facilities and personnel)	884.14	--	--	884.14
Previous year	880.41	--	--	880.41

Balances at the end of the year

Unsecured Loans	-	-	205.00	205.00
Previous year	-	-	205.00	205.00
Current Liabilities	136.28	22.57	-	
Previous year	30.89	22.57	-	158.85
				53.46
Current Assets	521.22	-		
521.22				
Previous year	556.50	-		-
556.50				

38. Basic Earnings Per Share

	2015-16	2014-15
Net Profit/(Loss) after tax available for equity shareholders	(1559.18)	(5333.32)
Weighted average number of equity shares	20,058,250	20,058,250
Basic earnings/(loss) per share (Rs.)	(7.77)	(26.59)

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earnings per share of the company remain the same.

39. Contingent Liabilities(to the extent not provided for)

2015-16	2014-15
----------------	----------------

(a) Claims against the company not acknowledged as debts	2.56	2.56
(b) Guarantees		
▪ Outstanding guarantees and counter guarantees to various banks, in respect of the guarantees given by those banks in favor of various government authorities and others	NIL	0.68
▪ Guarantees to banks against credit facilities extended to subsidiary	NIL	NIL
(c) Others		
▪ Disputed Income tax demand for A/Y 04-05, 05-06 and 06-07 including interest, though appeal filed*	10.29	0.00
▪ Disputed Income tax demand for A/Y 09-10, including interest, though appeal filed*	255.61	265.61
▪ Disputed Income tax demand for A/Y 08-09, including interest, though appeal filed*	26.02	40.28
▪ Disputed Income tax demand for A/Y 10-11, including interest, through appeal filed*	723.67	723.67
▪ Disputed Income tax demand for A/Y 11-12, including interest, through appeal filed	271.43	271.43

* Based on past experience, there is a highly fair chance of liability being quashed.

40. *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.*

Since the number of cases is large& the quantum of amount on these cases is disputed; therefore, it cannot be ascertained.

41. It is not possible to furnish details of the quantities, due to heterogeneity of the items involved. Also, the Company is primarily engaged in the provision of services related

to internet, which cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under revised Schedule VI to the Companies Act, 1956.

Note '1' to '41' form an integral part of the Balance Sheet and Profit and Loss Account.

Signatures to Note '1' to '41'

**For Laxmi Tripti & Associates
of Directors
Chartered Accountants
FRN No: 009189C**

For and on behalf of the Board

**Sd/-
L.N. Agrawal
Partner
Membership No: 078427**

**Sd/-
Amarjit S. Sawhney
Director**

**Sd/-
Jasjit S. Sawhney
Director**

**Place: Delhi
Date: 17 June 2016**

Place: London

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, 2016, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of 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 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 provision of the Act for safeguarding the assets of the Group 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, which have been used for the purpose of the 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 there under.

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 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. 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 others auditors in terms of their reports referred to in sub paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

BASIS FOR QUALIFIED OPINION

- a. In case of Net 4 India Limited, the Holding Company;
 - i. During the financial year 2013-14, the Company had defaulted in repayment of principle and interest thereon of Term Loan taken from State Bank of India (SBI). The amount outstanding as on 31st Mar, 2016 is Rs. 2,334.16 Lacs. This loan had been classified as Non – performing Assets (NPA) by the Bank. There is no provision made during the current year for interest against such loans. The status of this loan has remained the same during the current financial year. State Bank of India (SBI) has also filed legal case before the P.O. (Presiding Officer) and Registrar against the Company. The above figure has been taken on the basis of audited financial statements for the year ended on 31st March, 2015. There is no communication received from bank in this regard.
 - ii. During the financial year 2013-14, the Company had defaulted in repayment of principle and interest thereon of Working Capital Loan taken from State Bank of India (SBI) and State Bank Travancore (SBT). The amount outstanding as on 31st Mar, 2016 is Rs. 11,378.73 Lacs. There is no provision made during the current year for interest against such loans. This loan had been classified as Non –performing Assets (NPA) by the Bank. The status of this Credit facility has remained the same during the current financial year. State Bank Travancore (SBT) has also filed legal case before the P.O. (Presiding Officer) against the Company. The above figure has been taken on the basis of audited financial statements for the year ended on 31st March, 2015. There is no communication received from bank in this regard.
 - iii. Unsecured loan has been taken from one of the Shareholders i.e. Ms. Suzanne Surendra Pal of Rs. 205 Lacs from Sep, 2013 by the Company. But the same has not been repaid during the current financial year. There is no provision made during the current year for interest against such loans. Further, it is a contravention of Section 74 of the Companies Act, 2013.

- iv. Unsecured Loan taken from IBM India Pvt. Ltd. is Rs. 39.23 Lacs as per the books of accounts as on 31st March, 2016. There is no repayment of the same during the current financial year. There is no provision made during the current year for interest against such loans. The above figure has been taken on the basis of audited financial statements for the year ended on 31st March, 2015. There is no communication received from IBM India Pvt. Ltd. in this regard.
- v. Fixed Deposit amounting to Rs. 1,066.59 Lacs were due for repayment as on 31st March, 2016. There is no provision in the books during the year for penalty and damages for contravention of provision of fixed deposits as laid down in Companies Act, 2013. The company had applied for a scheme of reschedulement to the H'ble company laws board in Dec 2014 and has been following instructions for repayment of the company law board from time to time. Further, the management has indicated further substantial payment has been made subsequent to 31st Mar, 2016 till date of this report.
- vi. In respect of various loans as stated above, there is interest payable of Rs. 1,251.71 Lacs for the previous years outstanding in the books as on 31.03.2016.
- vii. Income Tax demand of Rs. 1,286.98 Lacs from A.Y. 2004-05 to A.Y. 2011-12 not deposited and appeals has been filed against this demand or in the process of filing. Income Tax Return from A.Y. 2012-13 to A.Y. 2014-15 has also not been filed by the Company.
- viii. Service Tax amounting to Rs.1, 170 Lacs (approx) up to 31st March, 2016 not deposited by the Company but further reconciliation is required on account of cenvat credit, sales return etc to arrive at the correct amounts and Service Tax Return has also not been filed by the Company during the year.
- ix. As per Books of accounts, Tax deduction at source (TDS) amounting to Rs. 109.60 Lacs as on 31st March, 2016 not deposited by the Company. TDS Return has also not been filed by the Company during the year except the first quarter in respect of Section 194I of the Income Tax Act, 1961. In some cases TDS has also not been deducted.
- x. As per books of accounts, Provident Fund amounting to Rs. 6.75 lacs as on 31st March, 2016 not deposited by the Company. PF Challan till Oct, 2015 has been filed by the Company.
- xi. Employees State Insurance (ESI) amounting to Rs. 3.16 Lacs as per Books as on 31st March, 2016 not deposited by the Company. Consequently challan and return in respect of this has also not been filed by the Company during the year.

- xii. As per the information and explanation received from the Management, the Company is registered under the Delhi VAT, UP VAT, Maharastra VAT, Karnatka VAT, Tamil Nadu VAT and Andhra Pradesh VAT but during the year, no transactions were made by the company and accordingly no VAT Liability has been arised during the year. However, the company has not filed VAT Return in any of the above VAT authorities during the year.
 - xiii. Professional Tax amounting to Rs. 0.72 Lacs as per Books as on 31st March, 2016 not deposited by the Company. Consequently challan and return in respect of this has also not been filed by the Company during the year.
 - xiv. Company has not made any provisions for the employee's benefits i.e. for Gratuity or Leave Encasement etc. during the year of audit.
 - xv. The Company has not provided bank accounts balance confirmation as on 31st March, 2016, in respect of some bank accounts.
 - xvi. The Company has written off bad debts amounting to Rs. 708.24 Lacs during the year and makes provision for bad and doubt full debts amounting to Rs. 146.32 Lacs during the year. Due to the written off bad debts or provision of bad debts, the profit for the year at 31st March, 2016 has been reduced by that amounts. Accordingly the net assets at 31st March, 2016 have also been reduced by the bad debts amounts.
 - xvii. The Company has booked Loss on Redundant Assets of Rs. 968.40 Lacs during the year.
 - xviii. As per AS-29 "Provisions, Contingent Liabilities and Contingent Assets" the Company is mandatorily required to make provisions for Audit Fee but the same has not provided in the books of accounts for the year ended 31st March, 2016.
- b. In case of **Net 4 Communications Limited**, one of the subsidiaries of the Holding Company is not audited by us. The other auditor who has audited the subsidiary has reported the followings;
- i. Service Tax amounting to approx. Rs. 25 Lacs for FY 11-12, Rs. 390 Lacs for 2012-13, Rs. 33 Lacs for 2013-14 and Rs. 0.08 Lacs for 2015-16 not deposited but further reconciliation is required on account of cenvat credit, sales returns, etc. to arrive at the correct amount.
 - ii. ESI of Rs. 0.43 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, Rs.9.04Lacs for the year 2014-15 and Rs.4.26 Lacs for the year 2015-16 not deposited.
 - iv. The company has written off bad debts amounting to Rs. 45.69 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.

- v. The company does not follow a system of obtaining confirmation of balances in respect of Trade receivables. Due to non-availability of confirmations of aforesaid balances, we are unable to quantify the impact of the adjustments, if any, arising from reconciliation, settlement of account and writing off bad debts on the financial statements for the year ended 31st March, 2016.
- c. In case of **Pipetel Communications Private Limited**, one of the subsidiaries of the Holding Company is not audited by us. The other auditor who has audited the subsidiary has reported the followings;
- i. Service Tax amounting to approx. Rs.410 Lacs not deposited but further reconciliation is required on account of cenvat credit, sales returns, etc. to arrive at the correct amount.
 - ii. TDS amounting to Rs.40.09Lacs for the year 2012-13, Rs.54.65Lacs for the year 2013-14, Rs.103.26Lacs for the year 2014-15 and Rs.129.25 Lacs for the year 2015-16 not deposited.
 - iii. The company has written off an amount of Rs.9.90 Lacs as bad debts. The company has not 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 this amount as bad debts thereby reducing profit before taxation for the year (if any) and net assets at 31st March, 2016 by that amount.
 - iv. The company had forfeited 62197 shares issued to Prudent Enterprises (P) Ltd. during the year 2013-14. Subsequent reissue has not been done.
 - v. The company does not follow a system of obtaining confirmation of balances in respect of Trade receivables. Due to non-availability of confirmations of aforesaid balances, we are unable to quantify the impact of the adjustments, if any, arising from reconciliation, settlement of account and writing off bad debts on the financial statements for the year ended 31st March, 2016.
 - vi. Reconciliation statements of State Bank of Travancore (A/c no 67250208799), State Bank of Travancore (WCTL no 9613) and Term Loan statement of State Bank of Travancore (A/c no 8814) were not available. Due to non-availability of these reconciliations, we are unable to quantify the impact of the adjustments, if any, arising from reconciliation on the financial statements for the year ended 31st March, 2016.

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 matters 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;

- d) in the case of the consolidated Balance Sheet, of the state of affairs of the Group, its associates and jointly controlled entities as at 31st March, 2016;
- e) in the case of the Consolidated Statement of Profit and Loss, of the Loss for the year ended on that date; and
- f) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

OTHER MATTER

1. We did not audit the financial statements of the subsidiary, **Net 4 Communications Limited**, whose financial statements reflect total assets of Rs. 2,969.81 lacs as at 31st Dec, 2015 and total revenues of Rs. 1,209.82 Lacs and net cash inflow amounting to Rs. 1.07 lacs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also includes the Group's share of net loss of Rs. 3,994.54 Lacs for the period ended 31st Dec, 2015, as considered in consolidated financial statements. 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.

This subsidiary has gone under liquidation by the order of Court form 31st Dec, 2015; therefore this consolidation includes the accounts of Net 4 Communications Limited up to 31st Dec, 2015.

2. We did not audit the financial statements of the subsidiary, **Net 4 Network Services**, whose financial statements reflect total assets of Rs. 616.45 lacs as at 31st Mar, 2016 and total revenues of Rs. 297.59 Lacs and net cash inflow amounting to Rs. 121.33 lacs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also includes the Group's share of net loss of Rs. 125.88 Lacs for the period ended 31st Mar, 2016, as considered in consolidated financial statements. 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.
3. We did not audit the financial statements of the subsidiary, **Pipetel Communications Private Limited**, whose financial statements reflect total assets of Rs. 3,176.99 lacs as at 31st Mar, 2016 and total revenues of Rs. 1,440.95 Lacs and net cash outflow amounting to Rs. 12.72 lacs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also includes the Group's share of net loss of Rs. 846.56 Lacs for the period ended 31st Mar, 2016, as considered in consolidated financial statements. 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.

4. The consolidated financial statements include the unaudited financial statement of a subsidiary **Net 4 HK Ltd**, whose financial statements reflect total assets Rs. 0.01 Lacs as at 31st Mar, 2016 and there is no revenue and cash flow during 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.

EMPHASIS OF MATTER

In case of **Net 4 Communications Limited**, one of the subsidiaries of the Holding Company not audited by us, the other auditor who has audited the subsidiary has reported the following matter:

“Without qualifying our report, the attention of members is invited to Notes on Accounts under “Financial Statements” stating that in view of the liquidation order received from the High Court on account of petition filed by creditors, the management has started the process of liquidating the company. Accordingly, the company has changed its basis of accounting from a going concern basis to a liquidation basis. It is presently not determinable whether the expenditure associated with liquidation of the company and other liabilities in settlement of obligations due will materially differ from the amounts shown in these financial statements”.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

3. As required by Section 143 (3) of the Act, we report, to the extent applicable, 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, except for the effects of the matter described in the basis for qualified Opinion paragraph above, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors.
 - (c) 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.
 - (d) Except for the effects of the matter described in the basis for qualified Opinion paragraph above, in our opinion, the aforesaid consolidated 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) The matter described in the basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group Company.
- (f) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor's of its subsidiaries company, associate company, none of the directors of the Group's companies, its associates companies is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) The qualification relation to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- (h) With respect to the adequacy of the internal financial controls over financial reporting of the Group's and the operating effectiveness of such controls, refer to our separate report in "**Annexure A**"; and
- (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 Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - iv. Except for the possible effect of the matter described in sub-paragraph (a& b) of the Basis of the Qualified Opinion above, the consolidated financial statements disclose the impact of the pending litigations on the consolidated financial position of the Group – Refer Notes to the financial statements.
 - v. The Group did not have any long term contracts including derivatives contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
 - vi. There were no amounts which were required to be transferred to Investor Education and Protection Fund. So, question of delay in transferring the amount into above funds does not arise.

FOR LAXMI TRIPTI & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN:-009189C

Sd/-
L.N. AGRAWAL
PARTNER
M.No.-078427

Place: Delhi
Date: 17.06.2016

ANNEXURE - A TO THE INDEPENDENT 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")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2016, we have audited the internal financial controls over financial reporting of NET 4 INDIA LIMITED ("the Holding Company") and its subsidiaries company, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are 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.

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.

Qualified Opinion

- A.** According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in case of **Net 4 India Limited, the Holding Company**, as at March 31, 2016:

- i. The Company did not have Internal auditor's as required by the Companies Act, 2013, which is one of the essential components of internal control, with regards to the potential for fraud when performing risk assessment.
- ii. The Company internal control system for loans and liabilities, statutory dues and returns and repayment of fixed deposits were not operating effectively, which could potentially result in the Company goes to the various legal cases for the above mentioned liability.
- iii. The Company does not has proper internal control system for collection of amount from its debtors or Trade receivable, due to which heavy amount of bad debts written off every year, that's result the net profit and net assets of the company reduced every year.

B. In case of **Net 4 Communications Limited**, one of the subsidiaries of the Holding Company is not audited by us. The other auditor who has audited the subsidiary has reported the followings;

- i. The Company's internal control system for loans and liabilities, statutory dues and returns are not very effective, which could potentially result in the Company going in for various legal cases for the above mentioned liability.
- ii. The Company does not have proper internal control system for collection of amounts from its debtors or Trade receivable, due to which heavy amounts of bad debts are being written off every year, as a result of which, the net profit and net assets of the company gets reduced every year.

C. In case of **Net 4 Network Services Limited**, one of the subsidiaries of the Holding Company is not audited by us. The other auditor who has audited the subsidiary has reported the followings;

- i. The Company's internal control system for loans and liabilities, statutory dues and returns are not very effective, which could potentially result in the Company going in for various legal cases for the above mentioned liability.

D. In case of **Pipetel Communication Private Limited**, one of the subsidiaries of the Holding Company is not audited by us. The other auditor who has audited the subsidiary has reported the followings;

- i. The Company's internal control system for loans and liabilities, statutory dues and returns are not very effective, which could potentially result in the Company going in for various legal cases for the above mentioned liability.
- ii. The Company does not have proper internal control system for collection of amounts from its debtors or Trade receivable, due to which bad debts are being written off every year, as a result of which, the net profit and net assets of the company gets reduced every year.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is reasonable possibility that a material misstatement of the company's annual financial statements will not be prevented or detected on a timely basis.

- A. In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objective of the control criteria, the **Net 4 India Limited, the Holding Company and its 3 subsidiaries** has maintained adequate and effective internal financial controls system over financial reporting as at 31st 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.
- B. The financial statements of **Net 4 HK Ltd.** have been unaudited; therefore we are unable to report on the matters as stated above.

We have considered the material weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the March 31, 2016 consolidated financial statements of the company, and these material weaknesses do not affect our opinion on the consolidated financial statements of the Company.

Other Matters

Our aforesaid report under section 143 (3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as relates to the

subsidiaries company, is based on the corresponding reports of the auditors of such companies.
Our opinion is not qualified in respect of these matters.

FOR LAXMI TRIPTI & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN:-009189C
Sd/-
L.N. AGRAWAL
PARTNER
M.No.-078427

Place: Delhi
Date: 17.06.2016

NET 4 INDIA LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 March,2016

Rs. In Lacs

	Note	March 31, 2016	March 31, 2015
EQUITY AND LIABILITIES			
Shareholder's Fund			
Share capital	2	2,007.69	2,007.69
Share Forfeiture		5.60	5.60
Reserves & surplus	3	(24,067.70)	(17,665.38)
Minority interest			-
Non Current Liabilities			
Long term borrowings	4	5,911.19	6,070.08
Deferred tax liabilities		-	-
Long term provisions	5	46.66	46.66
Current Liabilities			
Short term borrowings	6	18,132.45	18,193.80
Trade payables	7	2,564.05	2,101.89
Other current liabilities	8	8,647.99	10,429.91
Short term provisions	9	57.74	56.21
		13,305.65	21,246.46

ASSETS**Non Current Assets**

Fixed assets	10		
Tangible assets		1,901.40	3,288.89
Intangible assets		223.39	265.22
Capital work in progress		1,117.96	1,845.94
Long term investment	11	71.46	71.46
Long term loans and advances	12	1,355.34	1,472.42
Deferred tax assets		1,785.20	1,511.25

Current Assets

Current investments	11	1.46	1.46
Inventories	13	305.57	346.74
Trade receivables	14	2,852.94	5,402.65
Cash and cash equivalents	15	1,328.81	1,260.95
Short term loans & advances	16	2,350.49	5,766.49
Other current assets	17	11.63	12.97

13,305.65

21,246.46**0.00**

See accompanying notes forming part of the financial statements

As per our report of even date attached,

For LaxmiTrypti& Associates

Chartered Accountants,

Sd/-

L.N. Agrawal

Partner

Membership No : 078427

FRN No: 009189C

For and on behalf of the Board of Directors

Sd/-

Amarjit S. Sawhney

Director

Sd/-

Jasjit S. Sawhney

Director

Place : London

Date : 17.06.2016

**NET 4 INDIA LIMITED
CONSOLIDATED STATEMENT
OF PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED**

Rs. In Lacs

	Note	March 31, 2016	March 31, 2015
CONTINUING OPERATIONS			
Revenue from operations			
Domestic		4,935.94	5,197.18
Overseas		-	-
		4,935.94	5,197.18
Other Income	18	1,232.07	230.64
		6,168.00	5,427.83
Expenses			
Cost of sales and services	19	2,765.29	3,054.13
Employee benefit expenses	20	815.45	994.90
Finance costs	21	82.04	560.46
Depreciation & amortization expense	10	899.17	2,724.53
Other expenses	22	8,281.45	6,330.69
Total Expenses		12,843.40	13,664.72
Profit Before Tax (3-5)		(6,675.39)	(8,236.89)
Tax Expense			
Current tax expense for current year		-	-

Deferred tax	(273.07)	(917.13)
Profit for the year	(6,402.32)	(7,319.76)
Minority Interest	-	-
Earning per Equity Share - Basic (Rs.)	(31.92)	(26.59)
Earning per Equity Share - Diluted (Rs.)	-	-

Significant Accounting Policies 1

The accompanying notes are an integral part of the financial statements

	For and on behalf of the Board of Directors	
As per our report of even date attached,	Sd/-	Sd/-
	Amarjit S. Sawhney	Jasjit S. Sawhney
For LaxmiTripti& Associates	Director	Director
Chartered Accountants,		
Sd/-		
L.N. Agrawal		
Partner		
Membership No : 078427		
FRN No: 009189C		
 Place : London		
Date : 17.06.2016		

NET 4 INDIA LTD
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 March 2016

Rs. In Lacs

	2015-16	2014-15
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(Loss) before Tax and Extraordinary items	(6,675.39)	(8,236.89)
Adjustments for :		
Depreciation & amortisation	899.17	2,724.53
Assets discarded/ Loss on sale of fixed assets	1,168.20	-
Loss on sale of investment	-	-
Bad debts	4,767.67	1,849.88
Interest costs	82.04	560.46
Interest Income	(21.51)	(56.10)
Preliminary Exp written off	1.37	1.37
Provision for doubtful debts	146.32	654.62
Provision for diminution in value of investment/doubtful debts	-	1,371.00
Balance written back	519.94	(165.79)
Operating Profit before Working Capital Changes	887.81	(1,296.91)
Adjustments for :		
Trade receivables	(2,945.03)	(1,877.07)
Inventories	41.18	(21.59)
Current assets, loans and advances	4,443.06	5,212.63
Provision for retirement benefits	0.05	6.63

	Current liabilities	(664.11)	(1,528.26)	
	Cash generated from operations	1,762.96	495.43	
	Taxes paid	(212.03)	(156.17)	
	NET CASH GENERATED BY OPERATING ACTIVITIES	1,550.93		339.26
B.	CASH FLOW FROM INVESTING ACTIVITIES			
	Purchase of fixed assets and change in capital work in progress		(7.67)	
	Proceeds on disposal of fixed assets	(303.29)	-	
	Proceeds from sale of investment	1.00	-	
	NET CASH USED IN INVESTING ACTIVITIES	(302.29)		(7.67)
C.	CASH FLOW FROM FINANCING ACTIVITIES			
	Proceeds from issue of share capital		(5.60)	
	Proceeds from securities premium	-	-	
	Proceeds from share application	-	-	
	Proceeds from secured loans	(353.38)	342.64	
	proceeds from unsecured loans	(766.87)	(242.19)	
	Interest costs	(82.04)	(560.46)	
	Interest income	21.51	56.10	
	NET CASH USED FROM FINANCING ACTIVITIES	(1,180.78)		(409.52)
D.	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	67.86		(77.93)

CASH AND CASH EQUIVALENTS , beginning of year (Refer Note)	1,260.95	1,338.88
CASH AND CASH EQUIVALENTS , end of the year (Refer Note)	1,328.81	1,260.95

Notes : (1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard -3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India

(2) Previous year's figures have been regrouped wherever necessary.

For and on behalf of the Board of Directors

Sd/-

AmarjitS.Sawhney

Director

Sd/-

Jasjit S.Sawhney

Director

Place : London

Date : 17.06.2016

AUDITORS' CERTIFICATE

We have verified the above Cash Flow Statement of Net 4 India Ltd derived from the audited financial statements for the year ended Marh 31, 2016, and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the listing agreement with stock exchange.

For LaxmiTripti& Associates

Chartered Accountants,

Sd/-

L.N. Agrawal

Partner

Membership No : 078427

FRN No: 009189C

Place : London

Date :

17.06.2016

NET 4 INDIA LIMITED

Notes to the Consolidated Balance Sheet as at

Rs. In Lacs

March,31 2016

March 31,2015

NOTE '2'

SHARE CAPITAL

Authorised

Equity Shares of Rs 10 each with voting rights

2,400.00

2,400.00

Preference Shares of Rs 10 each

100.00

100.00

2,500.00

2,500.00

Issued, Subscribed and Paid -up

2,00,58,250 (P.Y.2,00,58,250) Equity Shares of Rs.10 each fully paid up

2,005.83

2,005.23

18,646 Preference Shares of Rs 10 each

1.86

1.86

-

-

2,007.69

2,007.09

Share Forfeiture account

a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period.

Equity Shares with voting rights

At the begning of the year

2,005.83

2,005.83

Issued during the year

-

-

At the end of the year

2,005.83

2,005.83

b) Details of shareholders holding more than 5% shares in the company

Equity shares with voting rights

Jiwan Financial Holdings Limited

17.45%

3,500,000

17.45%

Trak Online Net India (P) Limited

24.43%

4,900,000

24.43%

Sterling Capital (P) Limited

11.90%

2,387,167

11.90%

Madison India Capital HC

8.46%

1,697,812

8.46%

NOTE '3'
RESERVES & SURPLUS
Securities premium reserve
Opening Balance

5,786.69

5,786.69

Addition during the year

-

-

Closing balance

5,786.69

5,786.69

General Reserve
Opening Balance

542.85

542.85

Add: Transferred from Surplus in statement of Profit & Loss Account

Closing balance

542.85

542.85

Surplus/ (deficit) in the statement of Profit and loss

Opening balance

(23,994.92)

(16,675.16)

Adjustment for minority interets		
Add: Profit / (Loss) for the year	(6,402.32)	(7,319.76)
Add: Excess provision for tax for earlier years, written back		
Net surplus/(deficit) in the statement of profit & loss	(30,397.24)	(23,994.92)
Total Reserves & Surplus	(24,067.70)	(17,665.38)

Notes to the Consolidated Balance Sheet as at

	<i>Rs. In Lacs</i>	
	March 31,2016	March 31,2015
NOTE '4'		
LONG TERM BORROWINGS		
Secured		
- Term Loan from Banks	2,334.16	2,334.16
- Vehicle Loans	-	(1.76)
- Other (FITL)	536.74	533.01
Unsecured		
- From Banks/Institutions	1,768.69	1,774.86
- From Others	205.00	205.00
- Fixed Deposits	1,066.59	1,224.80
	5,911.19	6,070.08

a. Term Loan SBI was taken in FY 2011-12 and carries interest @ 5%+SBI Base Rate p.a. The loan is repayable in 60 monthly installments. Term Loan is secured by hypothecation of entire current assets and fixed assets of the company, It is also secured against residential property of situated at Brighton, East Sussex, London and B-4/39, Safdarjung Enclave New Delhi, Land and Building at D 25, Sector 3, Noida, negative lien marked on agricultural land in Gurgaon. Further, the loan has been secured by personal guarantees of the directors.

b. Vehicle loan from ICICI Bank is secured by hypothecation of vehicles. The loan is repayable in monthly installments and carries interest @ 10%-12% p.a.

c. Unsecured Loan from Banks and Financial Institutions carries interest @ 7% to 19% p.a. and is repayable in monthly installments. Deposits from public carry interest @ 11% to 12.5 % and are repayable on maturity. Inter Corporate deposits from carry interest @ 15% to 17% and are repayable on maturity

NOTE '5'

LONG TERM PROVISIONS

Provision for employee benefits

- Provision for gratuity	45.34	45.34
- Provision for leave encashment	1.32	1.32

46.66	46.66
--------------	--------------

NOTE '6'

SHORT TERM BORROWINGS

Secured

- Cash Credit / Working Capital Loans (Secured against entire current assets)	17,700.42	17,901.08
--	-----------	-----------

- Other (FITL)

-	-
---	---

Unsecured

Fixed Deposits

-	-
---	---

Inter Corporate Loans

432.02	292.72
--------	--------

others

-	-
---	---

18,132.45	18,193.80
------------------	------------------

a. Cash Credit from State Bank of India is secured by hypothecation of entire current assets and fixed assets of the company. It is also secured against residential property situated at Brighton, East Sussex, London and B-4/39, Safdarjung Enclave New Delhi, Land and Building at D 25, Sector 3, Noida, Agricultural Land in Gurgaon. Further, the loan has been secured by personal guarantees of the directors. The cash credit is repayable on demand and carries interest @ 4%+SBI Base rate p.a.

b. Cash Credit from State Bank of Travancore is secured by margin money and hypothecation of entire current assets of the company. The loan has been guaranteed by corporate guarantees of Net 4 Communications Ltd and personal guarantees of the directors. The cash credit is repayable on demand and carries interest @ 4.5%+SBT Base rate p.a.

c. Cash Credit from State Bank of Hyderabad and United Bank of India is secured by hypothecation of entire current assets and fixed assets of the company. It is also secured against residential property of Mr Amarjit Singh Sawhney, Poorvi Marg, Vasant Vihar New Delhi, and Commercial Property at Abdul Hamid Street, Kolkata. Further, the loan has been guaranteed by corporate guarantee of Net 4 India and personal guarantee of the directors. The cash credit is repayable on demand and carries interest @ 4.25%+SBH Base rate p.a. for SBH and 5%+UBI Base Rate p.a. for UBI

d. Cash Credit limit from State Bank of Travancore which was availed earlier has been restructured vide sanction letter dated 31/12/13. The restructured limit is secured by Hypothecation of entire current assets including raw materials, packing materials, consumable stores and spares, stock in process, finished goods, goods in transit and other current assets including receivables and debtors. It is further secured by Fixed Deposit or collateral in the form of property. Further, the loan has been guaranteed by corporate guarantee of M/s Net 4 India Ltd. The cash credit is repayable on demand and carries interest @ Base rate + 1.75% = 12%.

e. Funded interest term loan (FITL) has been taken from State Bank of Travancore in FY 2013-14 and carries interest @ 12%

p.a. with an option to reset after two year from the cut offdate.The loan is repayable in 8 installments (starting from 2015) to be paid quaterly.

NOTE '7'

TRADE PAYABLES

- Trade Payables	2,564.05	2,101.89
	2,564.05	2,101.89

NOTE '8'

OTHER CURRENT LIABILITIES

Current Maturities of Long term Debts	218.77	218.77
Interest Accrued but not due	1,251.71	1,250.82
Unearned revenue	245.97	323.15
Unclaimed dividend	0.10	0.10
Advances from customers	1,629.44	2,555.09
Accrued salaries and benefits	66.52	135.09
Expenses Payable	864.92	1,094.01
Withholding and other taxes payable	2,542.69	2,155.68
Other liabilities	235.82	1,251.83
Interest accrued and due	2.80	2.45
Provision for doubt full debts	1,589.26	1,442.93
	8,647.99	10,429.91

NOTE '9'

SHORT TERM PROVISIONS

Provision for employee benefits

- Provision for gratuity	50.29	48.89
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- Provision for leave encashment	7.46	7.32
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Provision for Tax (Net of Advance Tax)	-	-
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Provision for Fringe benefit tax	-	-
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Provision for Proposed Equity Dividend	-	-
--	---	---

Provision for tax on Proposed Equity Dividend	-	-
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57.74	56.21
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NET 4 INDIA LIMITED CONSOLIDATED
SCHEDULE TO THE BALANCE SHEET AS 31.03.16
NOTE -10 FIXED ASSETS

Rs. in Lacs

Asset	Gross Block as on 1.4.2014	Addition	Date of Purchase	Sale/Adjustment	Date of sale	Total as on 31.3.2015	Dep till 31.3.2015	Sale /Adjustment	Dep for the year	Total Dep as on 31.3.2015	WDV as on 31.3.2016	WDV as on 31.3.2015
Building	562.45	-		-		562.46	197.07		25.70	222.77	339.69	365.39
Furniture	311.55	3.15	03-11-2015	54.38		260.33	284.87	49.07	5.34	241.14	19.18	26.68
Office Equipment	987.07	0.20	42,276.00	38.70		948.57	876.48	36.32	39.75	879.78	68.79	110.58
Vehicle	83.35	-		83.35		-	73.63		-	73.63	-	9.72
Computer	13,656.99	300.53	23/06/2015	3,838.08		10,119.44	11,191.65	3,032.49	785.97	8,945.13	1,174.31	2,465.41
Leasehold	45.37	-		30.26		15.11	27.69	19.15	0.58	9.12	5.99	17.69
Land	293.44	-		-		293.44	-		-	-	293.44	293.44
Sub Total (A)	15,940.22	303.89		4,044.77	-	12,199.35	12,651.34	3,137.03	857.34	10,371.58	1,901.40	3,288.89
Trademarks	750.00	-		-		750.00	500.00		37.50	537.50	212.50	250.00
Hosting Platform	65.00	-		-		65.00	65.00		-	65.00	-	-
		-		-					-	257.50	-	-

Technology	257.50					257.50	257.50						
Goodwill	110.85	-		-		110.85	95.63		4.32	99.95		10.90	15.24
Sub Total (B)	1,183.35	-		-		1,183.35	918.12	-	41.82	959.95		223.40	265.24
Total (A+B)	17,123.58	303.89		4,044.77	-	13,382.70	13,569.45	3,137.03	899.17	11,331.53		2,124.80	3,554.12
Capital Work in Progress	1,117.96					1,117.96						1,117.96	1,845.94
Sub Total (C)	1,117.96	-	-	-	-	1,117.96	-	-	-	-		1,117.96	1,845.94
Total (A+B+C)	18,241.53	303.89	-	4,044.77	-	14,500.66	13,569.45	3,137.03	899.17	11,331.53		3,242.76	5,400.06

NET 4 INDIA LIMITED**Notes to the Consolidated Balance Sheet as at***Rs. In Lacs***March 31, 2016****March 31, 2015****NOTE '11'****INVESTMENTS****(a) LONG TERM INVESTMENTS (UNQUOTED) AT COST**

Non Trade

In subsidiary companies

2,805,000 (P.Y.2,805,000) shares of Rs.10 each fully paid
up of Net 4 Communications Ltd, a wholly owned subsidiary

-

-

54,351 (P.Y.NIL) shares of Rs.10 each fully paid
up of Pipetel Communications Pvt Ltd, a wholly owned subsidiary

-

-

50,000 (P.Y.NIL) shares of Rs.10 each fully paid
up of Net 4 Network Services, a wholly owned subsidiary

-

-

10,000 (P.Y.NIL) shares of HKD 1 each fully paid
up of Net 4 Honk Kong, a wholly owned subsidiary

-

-

In other companies

9,900 (P.Y. 9,900) shares of Rs.10 each fully paid up
of Net 4 Technology Ltd

-

-

70,500 (P.Y. 70,500) shares of Rs.100 each fully

70.50

70.50

1 (P.Y.Nil) shares of 1500 Euro each fully
paid up of Denic EG

0.96

0.96

NIL (P.Y.2550) shares of Rs.10 each fully
paid up at a premium of Rs. 600 per share

-

-

of Masatya Technologies Pvt Ltd.

Provison for diminusing value of investment

71.46	71.46
-------	-------

(b) CURRENT INVESTMENTS

20,000 (P.Y. 20,000) units of Rs. 10 each

2.00 2.00

Less : Provision for Dimuntion in value of investment

(0.54) (0.54)

1.46	1.46
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72.92	72.92
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Aggregate book value of quoted investments

2.00 2.00

Market Value of quoted investments

1.56 1.56

NOTE '12'

LONG TERM LOANS AND ADVANCES

(Unsecured, considered good)

Security Deposits

1,355.34 1,472.42

1,355.34	1,472.42
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NOTE '13'

INVENTORIES

(At lower of cost or net realisable value)

Stock in trade

305.57 346.74

305.57	346.74
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NOTE '14'**TRADE RECEIVABLE**

(Unsecured and considered good)

Over six months	2,240.94	4,344.61
Others	612.00	1,058.03
Less:Provision for doubtful debts	-	-
	2,852.94	5,402.64

NOTE '15'**CASH AND CASH EQUIVALENTS**

Cash in hand	64.86	77.17
With scheduled banks in:		
Current Accounts	206.11	25.64
Deposit Accounts as margin money	1,051.71	1,152.01
Deposit Accounts	6.13	6.13
Unclaimed dividend accounts	-	-
	1,328.81	1,260.95

NOTE '16'**SHORT TERM LOANS AND ADVANCES**

(Unsecured and considered good)

Advance income tax	717.52	463.35
Advance fringe benefit tax	-	-

Interest accrued	83.30	83.30
Prepaid expenses	61.96	62.37
Intercompany Loans	-	7.51
Advances recoverable in cash or in kind or	217.84	3,637.15
for value to be received	1,269.86	1,512.82
Less:Provision for Advance	-	-
	2,350.49	5,766.49

NOTE '17'

OTHER CURRENT ASSETS

Miscellaneous Expenditure (to the extent not written off)	11.63	12.97
	11.63	12.97

NET 4 INDIA LIMITED**Notes to the Consolidated Profit and Loss Account for the year ended***Rs. In Lacs***March 31, 2016 March 31, 2015****NOTE '18'****OTHER INCOME**

Sale of shared services including facilities and personnel	0.00	(0.00)
Balances written back	-	165.79
Interest	21.51	56.10
Miscellaneous income	1,209.82	8.75
Difference in exchange Rate	-	-
Profit on sale of fixed assets	0.73	-
	1,232.07	230.64

NOTE '19'**COST OF SALES AND SERVICES**

(Increase)/decrease in stock	41.18	(21.64)
Purchases and other direct cost	2,724.12	3,075.78
	2,765.29	3,054.13

NOTE '20'**EMPLOYEE BENEFIT EXPENSES**

Salaries, wages and bonus	815.45	994.90
(*includes contrbution to providend and other funds, staff welfare, staff training and other expenses)		

815.45	994.90
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NOTE '21'

FINANCE COST

Interest on borrowings	-	-
Other Borrowing Cost	82.04	560.46

82.04	560.46
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NOTE '22'

OTHER EXPENSES

Rent	185.44	266.09
Electricity and water charges	216.23	284.22
Communication & brokrage	26.62	26.30
Travelling and conveyance	129.88	116.90
Repair, maintenance and office expenses	150.91	111.31
Legal and Professional charges	176.48	156.70
Bank Charges	34.97	64.63
Security and support staff	6.28	14.78
Lease Rental	39.43	-
Printing and stationery	16.19	6.15
Insurance premium	2.12	1.18
Membership and subscription	0.33	1.72

Auditors remuneration	4.10	5.78
Bad debts written off	4,767.67	1,849.88
Loss on sale/discarding of fixed assets	1,168.20	-
Loss on sale of investment	-	-
Doubt ful debt in advance	-	654.62
Other Expense		
Directors' sitting fees	-	-
Buisness promotion	12.94	-
Miscellaneous expenses	448.30	16.89
Preliminary Exp written off	1.37	1.37
Exchange Differences	0.45	-
Balance writtern off	519.94	1,348.75
Provision for Dimunition in value of investment	-	-
Swachbharatcess expense		
Interior design		
Advertising and marketing	-	6.96
Entertainment and business promotion	-	-
Sales commission and incentives	51.84	25.46
provision for bad debts	146.32	1,371.00
	8,106.00	6,330.69

Payments to the auditor

As Auditor:			
Audit Fee		5.25	2.50
Tax Audit Fee		1.00	0.80
Limited Review		0.80	0.80
In Other Capacity:			
Other services		3.20	2.60
		10.25	6.70

Net 4 India Limited (Consolidated)

Notes to financial statements for the year ended 31st March 2016

3. Significant Accounting Policies

o. Basis of accounting and preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting principles ("GAAP") under the historical cost convention on an accrual basis except for certain financial instruments which are measured at fair value. GAAP comprises mandatory Accounting Standards as prescribe under section 133 of the companies act 2013(Act) read with rule 7 of the companies (Accounts) rules, 2014, the provision of the act (to the extent notified) 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 requires a change in the accounting policy hitherto in use

p. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

Where no reliable estimate can be made; a disclosure is made as contingent liability. Actual results could differ from those estimates and the difference between the actual results and the estimates are recognized in the periods in which the results are known.

q. Inventories

Inventories are valued at the lower of cost (determined on First in First out basis) and estimated net realizable value.

Cost is inclusive of all purchase costs and other costs incurred in bringing the inventories to their present location and conditions.

r. Fixed Assets and Depreciation

(i) Tangible Assets:

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Costs directly attributable to the purchase of fixed assets are capitalized until fixed assets are ready for use. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use before the balance sheet date.

All assets discarded/ dismantled are written off assuming that the scrap value for the same is Nil. If and when such discarded assets are disposed off partially or fully, the amounts realized during the year are credited to the profit and loss account of that year.

(ii) Depreciation:

Depreciation of Tangible Assets is provided on the written down value method over the useful life of the asset, useful life is same as the useful life prescribed under part C of schedule II of the companies act 2013.

(iii) Intangible Assets and amortization:

Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis, commencing from the date the asset is available to the company for its use. Management, using reasonable and supportable assumptions, has estimated the useful lives for the intangible assets as follows:

Trademarks 20 years

Goodwill 10 years

Trademarks represent the brand image of the company and constitute an asset with no limited useful life. Based on advice received by the management and as per the provisions of the Trade Marks and Merchandise Act of 1999, the company can retain the ownership and registration of the trademarks perpetually by renewing the registration at the end of every ten years, leading to the view that the useful life of its trademarks are unlimited.

However, as a matter of abandon precaution, the cost of the Trademarks is being amortized over a period of 20 years.

s. Impairment of Assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

t. Investments

Trade investments are the investments made to enhance the company's business interests. Investments are either classified as current or noncurrent based on the management's intention at the time of purchase. Current investments are carried at the

lower of cost and fair value. Non Current Investments are stated at cost. Provision for diminution in their value is made only if such a decline is other than temporary in the opinion of the management.

u. Revenue Recognition

Sale of Goods

The Company recognizes revenue on accrual basis. Revenue from the sale of hardware/software products is recognized when the sale is completed with the passing of title.

Income from Services

Revenue from services is recognized in the ratio of period expired over the total agreement period. Revenue from Fixed Price Contracts is recognized proportionately over the period in which services are rendered. The consideration received from the customer's in respect of certain online services for an extended period is accounted for as revenue in the financial year in which consideration is received. Costs related to the revenue are also recognized in the same period. Hence the gross margin is not impacted (i.e. not overstated or understated). This method of revenue recognition and cost related to it is being consistently followed from previous year.

Other Income

Other income is recognized on accrual basis. Dividend income is recognized when the company's right to receive dividend is established.

Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sales price and the carrying value of the investment.

v. Foreign Currency Transactions

Initial recognition

Transactions in foreign currencies entered into by the company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of transaction.

w. Employee Benefits

Employee benefits include provident fund, gratuity fund, compensated absences and long service awards

Defined contribution plans

The Company's contributions to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, 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 the Statement of Profit and Loss in the period 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 obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

x. Research and Development

No expenditure incurred on research and development during the year.

y. Borrowing Cost

Borrowing costs include interest; amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset is added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

z. Leases

Lease rentals in respect of assets taken on 'Operating Lease' are charged to the profit & loss Account on straight line basis over the lease term.

aa. Earnings per Share

Basic earnings per share (EPS) are calculated by dividing the net profit after tax for the year (including the post-tax effect of extraordinary items, if any) attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split.

Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings

per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

bb. Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their reliability.

cc. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing, and investing activities of the company are segregated.

dd. Provision and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These

are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

The disclosure is made for all possible or present obligations that may but probably will not require outflow of resources as contingent liability. Contingent liabilities are disclosed in the Notes.

42. All amounts in the financial statements are presented in Rupees lakhs.

43. Previous year's figures have been regrouped, rearranged and reclassified, wherever necessary to conform to current year's classification.

44. Deferred Tax

Provision for deferred tax for the year ended March 31, 2016 has been made in accordance with the provisions of Accounting Standard 22 on Accounting for Taxes on Income, issued by The Institute of Chartered Accountants of India. The deferred tax charge of Rs. 273.07/- (Previous year - Rs. 917.13/-), for the current year has been recognized in the Profit & Loss Account and comprises of the following:

	2015-16	2014-15
Related to fixed assets	210.01	479.21
Provisions charged in the financial statements but allowed as a deduction under the Income Tax Act in future years (To the extent considered realizable)	63.06	437.92
	<u>273.07</u>	<u>917.13</u>

45. Value of Imports on CIF Basis (on accrual basis)

	2015-16	2014-15
Capital Goods	--	--
	<u>--</u>	<u>--</u>

46. Earnings in Foreign Exchange (on accrual basis)

2015-16	2014-15
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Income from sales and services	<u>NIL</u> <u>NIL</u>	<u>NIL</u> <u>NIL</u>
47. Expenditure in Foreign Currency (on accrual basis)		
	2015-16	2014-15
Direct Cost	1518.67	766.32
Travelling	NIL	NIL
Consultancy	48.60	NIL
Membership and Subscription Charges	-	-
Telephony Charges	115.31	234.35
Others	14.76	15.40
	<u>1016.07</u>	<u>1016.07</u>
48. Managerial Remuneration		
	2015-16	2014-15
Salary	48.49	--
Contributions to Provident and other funds	--	--
Sitting Fees	--	-
Total Remuneration	<u>--</u>	<u>--</u>

'if, in any financial year, a company has no profits or its profits are inadequate, the company shall not pay to its directors, including any managing or whole time director or manager, by way of remuneration any sum exclusive of any fees payable to directors under sub-section (5) hereunder except in accordance with the provisions of Schedule V and if it is not able to comply with such provisions, with the previous approval of the Central Government'

The computation of net profits in accordance with Section 309(5) read with section 349 of the Companies Act, 2013, has not been given as the company does not envisage any payment of commission to directors.

Though the salary was booked for the year but has not been paid.

49. Provision for Doubtful Debts

Periodically the company evaluates all customer dues to the company for collectability. The need for provisions is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customer operates, and general economic factors, which could affect the customer's ability to settle. As at March 31, 2016, the company has provided Rs.146.32/- and Rs.NIL on account of doubtful debts and doubtful advances respectively.

The company has written off Rs. 4767.67 lacs (P.Y. Rs.1849.88 lacs) as bad debts during the year.

50. Segment Information

The company's operations predominantly relate to providing IP Communications sales and services. There is thus only one reportable business segment encompassing a comprehensive range of services, including software development, packaged software integration, collocation, web hosting, web development, web mailing solutions, internet telephony and sales and integration of related networking equipment.

Secondary segmental reporting is performed on the basis of the geographical location of customers.

Geographical Segment

Particulars	Year ended March 31,2016		Year ended March 31,2015	
	Domestic	Overseas	Domestic	Overseas
Revenues	4935.94	--	5197.18	--

Net Fixed Assets	3242.76	5400.04
Debtors	2852.94	5402.65
Current Assets (Other than Debtors)	3997.95	7388.62

51. Term Deposits aggregating to Rs. 1057.84/- Lakhs (P.Y.Rs. 1148.01/- Lakhs) have been pledged with Bank as a security towards facilities availed from Bank.

52. Sundry Creditors, to the extent to which they could be identified as small scale and ancillary undertakings on the basis of information available with the Company, do not include amounts greater than Rs. One Lakhs outstanding for more than thirty days.

53. Leases

The Company's leasing arrangements are in respect of operating leases for premises (residential, office, stores etc). These leasing arrangements which are not non cancellable range between 11 months and 3 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are shown as Lease Rentals under Note '22'.

The Company also has leased facilities under non – cancellable operating leases for equipments for a period of 3 years. The future lease payments in respect of these leases are as follows:

	March 31, 2016	March 31, 2015
Obligations on non cancellable leases :		
Not later than one year	0.00	470.83
Later than one year but not later than five years	0.00	21.18
Total	0.00	492.01

54. Borrowing Costs

The amount of borrowing costs capitalized during the year is Rs. 24.02.(P.Y. 422.84 Lakhs)

55. Employee Benefits

Defined Benefit Plans

In accordance with Accounting Standard 15 (AS 15)-"Employee Benefits (Revised 2005)", an actuarial valuation has been carried out in respect of gratuity and compensated absences. The discount rate assumed is 9%. The retirement age has been considered at 62 years and mortality table is as per IALM 2006-08 ULTIMATE.

The Net 4 India Ltd has not taken the valuation report as required under Accounting Standard 15 –Employees Benefits (Revised 2005) for the year ended 31st March, 2016 and the figures included as on 31st March, 2016 is same as previous year.

The following tables' sets out the disclosures relating to gratuity benefits as required by Accounting Standard-15, 'Employee Benefits':

Changes in the present value of obligations :	Gratuity As at 31/03/2016	Gratuity As at 31/03/2015
Present Value of Obligation at Beginning of year	87.30	87.30
Acquisition Adjustment	--	--
Interest Cost	6.98	6.98
Past Service Cost	--	--
Current Service Cost	5.96	5.96
Curtailment cost	--	--
Settlement Cost	--	--
Benefits Paid	(0)	(0.00)
Actuarial gain/loss on Obligations	(6.01)	(6.01)
Present Value of Obligation at end of Year	94.23	94.23

Changes in the fair value of plan assets :	Gratuity As at 31/03/2016	Gratuity As at 31/03/2015
Fair Value of Plan Asset at Beginning of year	18.60	18.60

Acquisition Adjustment	--	--
Expected Return on Plan Asset	1.48	1.48
Contributions	--	--
Benefits Paid	(0)	(0.00)
Actuarial gain/loss on Plan Asset	(1.48)	(1.48)
Fair Value of Plan Asset at End of year	18.60	18.60
Reconciliation of present value of defined benefit obligation and the fair value of plan assets :	Gratuity	Gratuity
	As at 31/03/2016	As at 31/03/2015
Present Value of Obligation at end of Year	94.22	94.22
Fair Value of Plan Asset at End of year	15.60	15.60
Funded Status	(75.64)	(75.64)
Unrecognized actuarial gain/loss at end of the year	--	--
Net Asset(Liability) Recognized in Balance Sheet	(75.64)	(75.64)
Expenses recognized in the Profit & Loss Account :	Gratuity	Gratuity
	As at 31/03/2016	As at 31/03/2015
Current Service Cost	5.96	5.96
Past Service Cost	--	--
Interest Cost	(6.44)	(6.44)

Expected Return on Plan Assets	1.48	1.48
Curtailment Cost	--	--
Settlement Cost	--	--
Actuarial gain/loss recognized in the year	(4.52)	(4.52)
Expense Recognized in Statement of Profit/Loss	(6.93)	(6.93)

The following table sets out the assumptions used in valuation of gratuity and leave encashment:

Actuarial Assumptions	Gratuity	Gratuity
	As at 31/03/2016	As at 31/03/2015
Mortality Rate	IALM 2006-2008	IALM 2006-2008
Superannuation Age	62	62
Early Retirement & Disablement	40.00 %	40.00 %
Discount Rate	9.00 %	9.00 %
Inflation Rate	0.00 %	0.00 %
Return on Asset	9.00 %	9.00 %
Remaining Working Life	24	24
Formula used	Projected Unit Credit Method	Projected Unit Credit Method

The following tables' sets out the disclosures relating to leave encashment benefits as required by Accounting Standard-15, 'Employee Benefits':

Changes in the present value of obligations :	Leave Encashment As at 31/03/2016	Leave Encashment As at 31/03/2015
Present Value of Obligation at Beginning of year	8.93	8.93
Acquisition Adjustment	--	--
Interest Cost	0.72	0.72
Past Service Cost	--	--
Current Service Cost	4.01	4.01
Curtailment cost	--	--
Settlement Cost	--	--
Benefits Paid	--	--
Actuarial gain/loss on Obligations	(5.01)	(5.01)
Present Value of Obligation at end of Year	8.64	8.64

Expenses recognized in the Profit & Loss Account :	Leave Encashment As at 31/03/2016	Leave Encashment As at 31/03/2015
Current Service Cost	4.01	4.01
Past Service Cost	--	--
Interest Cost	0.72	0.72
Expected Return on Plan Assets	--	--

Curtailment Cost	--	--
Settlement Cost	--	--
Actuarial gain/loss recognized in the year	(5.01)	(5.01)
Expense Recognized in Statement of Profit/Loss	0.28	0.28

The following table sets out the assumptions used in valuation of gratuity and leave encashment:

Actuarial Assumptions	Leave Encashment As at 31/03/2016	Leave Encashment As at 31/03/2015
Mortality Rate	IALM 2006-2008	IALM 2006-2008
Superannuation Age	62	62
Early Retirement & Disablement	40.00 %	40.00 %
Discount Rate	9.00 %	9.00 %
Inflation Rate	0.00 %	0.00 %
Return on Asset	9.00 %	9.00 %
Remaining Working Life	26	26
Formula used	Projected Unit Credit Method	Projected Unit Credit Method

56. Related Party Disclosures as required by Accounting Standard-18:

List of Related Parties and Relationships

vi) **Holding Companies**

NONE

vii) **Entity having Significant Influence**

IFCI Factor Limited.

Jiwan Financial Holdings Ltd

viii) **Key Management Personnel and relatives of such personnel**

Jasjit Sawhney*
Amarjit S. Sawhney*
Relative of Director
Pawanjot Kaur Sawhney
Suzane S Pai

*** Details of remuneration paid to directors are given in note 29 above.**

- ix) **Entity where relative of Key Management Personnel exercises significant influence**
Sterling Capital Pvt. Ltd.

Significant Related Party Transactions

Nature of Transaction	Entity having significant influence	Key Management Personnel and their relatives	Total
<u>Revenue Transactions</u>			
Sales of Goods & Services	--	--	--
<i>Previous year</i>	--	--	--
Sharing of costs and services including facilities and personnel		--	--
<i>Previous year</i>	--	--	--
Payment for Services	--	--	--
<i>Previous year</i>	--	--	--
<u>Balances at the end of the year</u>			
Unsecured Loans	--	205	205
Current Liabilities	22.57	--	22.57

57. Earnings Per Share

2015-16

2014-15

Net Profit after tax available for equity shareholders	(6,402.32)	(7,319.76)
Weighted average number of equity shares(for Basic EPS)	20,058,250	20,058,250
Basic earnings per share (Rs.)	(31.92)	(26.59)
Weighted average number of equity shares(for Diluted EPS)	20,065,448	20,065,448
Diluted earnings per share (Rs.)	(31.91)	(26.59)

58. Contingent Liabilities (to the extent not provided for)

	2015-16	2014-15
(d) Claims against the company not acknowledged as debts	2.56	2.56
(e) Guarantees		
• Outstanding guarantees and counter guarantees to various banks, in respect of the guarantees given by those banks in favour of various government authorities and others	240.00	240.00
• Guarantees to banks against credit facilities extended to associates	--	--

(f) Others

• Disputed income Tax demand for A/Y 04-05, 05-06, and 06-07 including interest, though appeal filed*	10.29	
• Disputed Income tax demand for A/Y 09-10, including interest, though appeal filed*	444.49	444.49
• Disputed Income tax demand for A/Y 08-09, including interest, though appeal filed*	111.78	111.78
• Disputed Income tax demand for A/Y 10-11, including interest, through appeal filed*	740.07	740.07
• Disputed Income tax demand for A/Y 11-12, including interest, through appeal filed*	1161.53	1161.53

* Based on past experience, there is a highly fair chance of liability being quashed.

59. It is not possible to furnish details of the quantities, due to heterogeneity of the items involved. Also, the Company is primarily engaged in the provision of services related to internet, which cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under revised Schedule II to the Companies Act, 2013.

60. Other notes to consolidated financial statements

The Consolidated Financial Statements relate to Net 4 India Limited (the company) and its subsidiaries. The consolidated Financial Statements have been prepared on the following basis:-

- The financial statements of the subsidiary company in the consolidation are drawn up to the same reporting date as of the parent company.
- The consolidated financial statements have been prepared in accordance with Accounting Standard-21 on "Consolidated Financial Statements"
- The Financial Statements of the Parent Company and its subsidiaries company have been combined on a line-by-line basis by adding together the book values

of like items of assets, liabilities, income and expenses after fully eliminating the intra-group balances and intra-group transactions and unrealized profit or losses in accordance with Accounting Standard-21 on "Consolidated Financial Statements".

- iv. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company separate financial statements except as otherwise stated in Significant Accounting Policies.
- v. The financial statements of Net 4 India Limited are consolidated based on the audited financial statement for the year ended 31.03.2016.
- vi. The Net 4 Communication Limited is under liquidation by the order of the Court from 06.08.2015 herefore this consolidation includes the accounts of Net 4 Communications Limited up to 31sr Dec, 2015.

61. Note '1' to '42' form an integral part of the Balance Sheet and Profit and Loss Account.

Signatures to Note '1' to '42'

For and on behalf of the Board of Directors

Sd/-

Sd/-

**For Laxmi Tripti & Associates
Chartered Accountants
FRN No: 009189C**

**Amarjit S. Sawhney
Director**

**Jasjit S. Sawhney
Director**

**Sd/-
L.N.Agrawal**

Partner

Membership No.-078427

**Place: Delhi
Date:-17 June 2016**