



C2C ADVANCED SYSTEMS LIMITED - LIMITED REVIEW REPORT

BDO INDIA LLP | JANUARY 2025

To,
National Stock Exchange of India Limited
&
C2C Advanced Systems Limited

Date : 15th January 2025

Subject: Report for Limited Review of C2C Advanced Systems Limited.

Dear Sir/Madam,

Our Services were performed, and this Report (“Report”) is prepared in accordance with the Engagement Letter dated 28 November 2024 between C2C Advanced Systems Limited (“Company” or “Client”) and BDO India LLP and is subject to the terms and conditions included therein. We have conducted the Limited Review of C2C Advanced Systems Limited for the period 1st April 2021 to 30th September 2024 (hereinafter referred as the “Review Period”).

Our work is in accordance with specific agreed upon procedures and analysis described in the Engagement Letter and was based on information compiled and received till 4th January 2025. Accordingly, changes in circumstances or information available after this date could affect the findings outlined in this Report.

This Report is prepared solely for the client information and may not be relied upon by other parties (“Third Party”) except National Stock Exchange of India Limited (“NSE”).

We appreciate the opportunity given to us to assist you with this matter.

Thanking you,
Yours faithfully
For BDO India LLP



Amit Meher
Partner

Place: Mumbai

NOTICE TO READER

1. This Report (“Report”) has been prepared by BDO India LLP (“BDO India” or “our” or “we” or “us”) for C2C Advanced Systems Limited (“the Client”) and National Stock Exchange of India Limited (“NSE”). The Report has been prepared for the purpose set out in the Engagement letter dated 28 November 2024. (“Engagement Letter”).
2. This Report is issued to inform NSE & C2C Advanced Systems Limited about the status of the ongoing procedures in fulfilment of the terms and conditions of the Engagement Letter.
3. The Report is solely for the use of NSE & C2C Advanced Systems Limited. BDO India does not accept any duty, liability or responsibility to any person (other than Client & NSE) in relation to this Report. Neither this deliverable nor its contents may be distributed to, discussed with, or otherwise disclosed to any Third Party (except SEBI) without the prior written consent of BDO India. We accept no responsibility or liability to a Third Party to whom our Report may be shown or in whose hands it may come.
4. The Report should not be published or reproduced in part or in whole without prior written consent from us. Recipients of this Report should seek independent expert advice as this Report was not prepared for them or for any purpose other than that detailed in the Engagement Letter and cannot be relied upon other than for this.
5. The information contained in this report is not an advice and should not be treated as such.
6. BDO India reserves the right to modify / delete / add contents of the Report once any additional information is received from target / client.
7. Also, the procedures carried out by BDO India do not constitute a review made in accordance with the generally accepted auditing standards in India. We do not express any assurance on any of the target’s financial statements, accounting records and controls.
8. Although BDO India provides advice concerning the specific procedures it might perform, BDO India is not responsible for the sufficiency of the engagement services or any procedures for the Client’s purposes, including without limitation, for responding to the Client obligations to its stakeholders.
9. The procedures that BDO India has performed at the request of the Client, are limited in nature and do not comprehend all matters other than those issues identified and discussed with the Client.
10. We have relied on the information provided to us by the client for the purpose of review.

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1. INTRODUCTION

- 1.1. Scope Of Work
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- 1.3. Overview of Customers
- 1.4. Overview of Vendors

1.1 SCOPE OF WORK

Our detailed scope of work is described below:

Limited review of numbers disclosed in Red Herring Prospectus (RHP) for the below mentioned items:

- Sales
- Debtors
- Creditors
- Related Party Transactions

Review Period: 3 year and 6 months i.e., 1st April 2021 to 30th September 2024.

1.2 BACKGROUND OF THE COMPANY

- C2C Advanced Systems (C2C) is a global leader in driving innovation and digital transformation in the defense industry.

Information Type	Details
CIN	U72200KA2018PLC110361
Date of Incorporation	21 February 2018
Registered Address	Systems is NO 86, Wings of Eagles, S S Commercial Estate Varthur Road, Nagavarapalya, C V Raman N agar, Bangalore, Karnataka, India - 560093.

- Details of Directors of C2C Advanced Systems Limited as on 30th September,2024:

Director Name	Designation	Date of Appointment	DIN
Manjeet Singh	Company Secretary	19-Jan-24	NA
Kishore Soni	Director	18-Dec-23	00852429
Murtaza Ali Soomar	Whole-time director	30-Sep-18	05194435
Lakshmi Chandra	Managing Director	31-Dec-22	07436752
Kuriyedath Ramesh	Whole-time director	21-Feb-18	07507255
Parminder Jeet Singh Pannu	Director	18-Dec-23	08628822
Shashi Gupta	Director	19-Jan-24	08969099
Neha Gupta	Additional Director	30-Sep-24	07633844

1.2 BACKGROUND OF THE COMPANY

Amt in lakhs

Sr. No	Particulars	Year			
		31-Mar-22	31-Mar-23	31-Mar-24	30-Sep-24
A.	ASSETS				
I.	Non-Current Assets				
	Property, Plant and Equipment	34.05	25.98	23.51	29.79
	Intangible Assets	-	280.48	249.32	233.74
	Intangible Assets under Development	311.65	-	-	-
	Right to use Assets	71.67	75.94	141.31	105.92
	Deferred Tax Assets (Net)	7.53	4.18	2.03	-
	Other Non Current Assets	69.64	75.30	150.32	139.23
II.	Current Assets				
	Inventories	4.00	130.37	655.03	966.46
	Trade Receivables	181.58	899.03	4,269.51	7,455.12
	Cash & Cash Equivalents	3.71	0.15	1,540.52	191.55
	Other Current Financial Assets	204.16	192.55	747.29	709.68
	Other Current Assets	15.19	165.80	804.67	1,231.19
	Total Assets	903.19	1,849.78	8,583.51	11,062.67
B.	EQUITY AND LIABILITIES				
I.	Equity				
	Equity Share Capital	50.01	150	1,225.76	1,225.76
	Reserves and Surplus	-186.58	102.14	6,419.97	7,392.96
II.	Non-Current Liabilities:				
	Long Term Borrowings	22.21	20.57	81.00	56.10
	Long Term Provisions	12.88	17.99	26.40	26.40
	Deferred Tax Liabilities	-	-	-	4.66

1.2 BACKGROUND OF THE COMPANY

Amt in lakhs

Sr. No	Particulars	Year			
		31-Mar-22	31-Mar-23	31-Mar-24	30-Sep-24
III.	Current Liabilities				
	Short-Term Borrowings	545.16	944.74	-	1,329.02
	Lease Liability	30.92	30.50	30.70	21.02
	Trade Payables	291.89	377.37	217.79	201.66
	Other Financial Liabilities	136.65	205.58	162.67	186.25
	Provisions	0.05	0.90	419.23	618.85
	Total Liabilities	903.19	1,849.78	8,583.51	11,062.67

1.2 BACKGROUND OF THE COMPANY

Amt in lakhs

Sr. No	Particulars	Year			
		31-Mar-22	31-Mar-23	31-Mar-24	30-Sep-24
A.	REVENUE				
	Revenue From Operations	34.69	804.87	4,105.89	4,322.37
	Other Income	0.10	1.86	23.93	2.60
	Total Income	34.79	806.73	4,129.82	4,324.97
B.	EXPENSES				
	Purchase of Goods & Services	9.46	176.09	1,488.96	2,411.77
	Changes in Inventories	4.18	-126.37	-524.66	-311.43
	Employee benefits Expenses	210.27	308.73	931.16	591.97
	Finance Cost	6.35	7.58	78.66	5.56
	Depreciation and Amortization Expenses	25.15	87.75	118.19	58.12
	Other Expenses	19.17	62.08	377.90	260.18
	Total Expenses	274.58	515.86	2,470.22	3,016.17
	Profit Before Tax	-239.80	290.87	1,659.60	1,308.80
	Total Tax Expense:				
	(1) Current Tax	-	-	417.90	329.13
	(2) Deferred Tax	-1.59	3.35	2.15	6.69
	Profit(Loss) after Tax and before Prior Period Items	-238.21	287.52	1,239.54	972.99
	Prior Period Items				
	-Income Tax Expenses of Previous Year Incurred	-	-	11.85	-
	Profit(Loss) after Tax	-238.21	287.52	1,227.69	972.99

1.2 BACKGROUND OF THE COMPANY

Details of Other Non-Current Assets

Amt in lakhs

Sr. No	Particulars	Year			
		31-Mar-22	31-Mar-23	31-Mar-24	30-Sep-24
	Security Deposit - Others	0.05	0.05	0.95	0.95
	Security Deposit - Lease Assets	16.22	24.28	38.60	27.51
	Advances to Vendors	50.97	50.97	50.97	50.97
	Performance Bank Guarantee	2.40	-	59.80	59.80
	Total	69.64	75.30	150.32	139.23

Details of Other Current Financial Assets

Amt in lakhs

Sr. No	Particulars	Year			
		31-Mar-22	31-Mar-23	31-Mar-24	30-Sep-24
	Loans and Advances:				
	Advance to Related Parties -				
	C2C Innovations Pvt. Ltd.	64.50	64.50	65.06	-
	Realttime Techsolutions Pvt. Ltd.	139.66	127.90	560.82	560.82
	KTI Intelligent Systems Pvt. Ltd.	-	-	118.83	118.83
	PVR Multimedia Pvt. Ltd.	-	-	-	25.00
	Accrued Interest	-	-	0.38	2.17
	Advance to Staff/Workers	-	0.15	2.21	2.86
	Total	204.16	192.55	747.29	709.68

1.2 BACKGROUND OF THE COMPANY

C2C ADVANCE SYSTEMS LIMITED
BREAKUP OF KEY ELEMENTS IN THE BALANCE SHEET

Details of Other Current Assets

Amt in lakhs

Sr. No	Particulars	Year			
		31-Mar-22	31-Mar-23	31-Mar-24	30-Sep-24
	Balances With Revenue Authorities (Advance Income Tax, GST etc.)	8.34	33.46	266.66	532.67
	Advance to Suppliers	3.57	128.20	531.62	695.56
	Prepaid Expenses	-	1.29	2.45	0.34
	Prepaid Rent - Lease Asset	3.28	2.63	3.26	2.43
	Advance for Expenses	-	0.22	0.68	0.18
	Total	15.19	165.80	804.67	1,231.19

Details of Share Capital

Amt in INR

Sr. No	Particulars	Year			
		31-Mar-22	31-Mar-23	31-Mar-24	30-Sep-24
	Authorised				
	Equity Shares	1,50,00,000	1,50,00,000	17,00,00,000	17,00,00,000
	Issued, Subscribed & fully Paid up				
	Equity Shares	50,01,000	1,50,00,000	12,25,75,680	12,25,75,680
	Par value per equity shares	10	10	10	10
	Subscribed but not fully Paid up				
	Equity Shares of Rs. 10 each fully paid	-	-	-	-
	Total	50,01,000	1,50,00,000	12,25,75,680	12,25,75,680

1.2 BACKGROUND OF THE COMPANY

Details of Other Equity

Amt in lakhs

Sr. No	Particulars	Year			
		31-Mar-22	31-Mar-23	31-Mar-24	30-Sep-24
1	Securities Premium Reserve				
	Opening Balance	-	-	-	5,090.14
	Addition during the year			5,540.14	-
	(-) Bonus Shares issued during the period			(450.00)	-
	Closing Balance			5,090.14	5,090.14
2	Surplus i.e. balance in Statement of Profit and Loss account				
	Opening balance	47.38	(190.83)	96.69	1,324.38
	(+) Net Profit/(Net Loss) for the current period	(238.21)	287.52	1,227.69	972.99
	Closing Balance	(190.83)	96.69	1,324.38	2,297.38
3	Other Comprehensive Income				
	Opening balance	-	4.24	5.45	5.45
	(+) Net Profit/(Net Loss) for the current period	4.24	1.21	-	-
	Closing Balance	4.24	5.45	5.45	5.45
	Total	(186.58)	102.14	6,419.97	7,392.96

Details of Long Term Borrowing

Amt in lakhs

Sr. No	Particulars	Year			
		31-Mar-22	31-Mar-23	31-Mar-24	30-Sep-24
1	Secured Loan				
	Loan from Banks & Financial Institutions (net of current maturities)	9.61	-	-	-
2	Unsecured Loan				
	Loan from Related Parties	-	-	-	-
	Total	9.61	-	-	-

1.2 BACKGROUND OF THE COMPANY

Details of Short Term Borrowing

Amt in lakhs

Sr. No	Particulars	Year			
		31-Mar-22	31-Mar-23	31-Mar-24	30-Sep-24
	Unsecured Loans				
	Loan from Related Parties	480.66	941.74	-	1,329.02
	Loan from Others	64.50	3.00	-	-
	Total	545.16	944.74	-	1,329.02

Details of Other Financial Liabilities

Amt in lakhs

Sr. No	Particulars	Year			
		31-Mar-22	31-Mar-23	31-Mar-24	30-Sep-24
	Current maturities of long-term Debt				
	-Car Loans	13.39	9.60	-	-
	Statutory Dues Payable	72.98	103.72	61.48	25.56
	Expenses Payable	48.85	91.90	99.08	160.69
	Advance From Customers	1.44	0.35	2.11	-
	Total	136.65	205.58	162.67	186.25

1.2 BACKGROUND OF THE COMPANY

Details of Other Income

Amt in lakhs

Sr. No	Particulars	Year			
		31-Mar-22	31-Mar-23	31-Mar-24	30-Sep-24
	Duty Drawback	-	-	-	-
	Other Miscellaneous Income	-	-	0.07	-
	Forex Fluctuation Gain	-	-	18.47	-
	Interest Income - Fixed Deposits	-	-	2.64	1.79
	Interest Income - Financial Asset	0.10	1.86	2.75	0.81
	Total	0.10	1.86	23.93	2.60

Details of Employee Benefits Expenses

Amt in lakhs

Sr. No	Particulars	Year			
		31-Mar-22	31-Mar-23	31-Mar-24	30-Sep-24
1	Salaries, Wages & Bonus	202.88	294.16	856.36	557.54
2	Staff Training	-	-	-	3.00
3	Contribution to Provident and Other Funds:				
	Employees Provident Fund	0.04	0.07	57.51	18.84
	Provision for Gratuity	4.41	7.16	8.84	-
	Employee Insurance	-	-	6.65	10.27
	Staff Welfare Expenses	2.95	7.34	1.80	2.31
	Total	210.27	308.73	931.16	591.97

1.2 BACKGROUND OF THE COMPANY

Details of Other Expenses

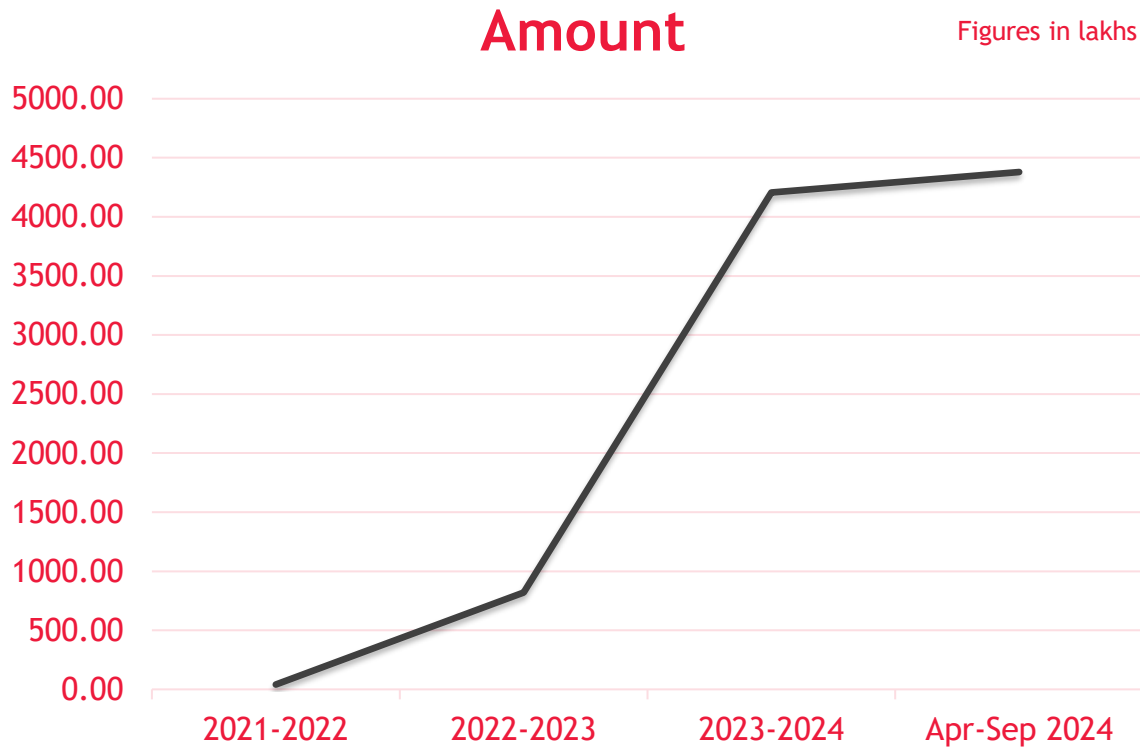
Amt in lakhs

Sr. No	Particulars	Year			
		31-Mar-22	31-Mar-23	31-Mar-24	30-Sep-24
	Travelling Expenses	0.90	21.49	47.14	79.71
	Professional and consultancy fees	3.50	13.12	176.45	34.95
	Prepaid Rent Written Off	0.11	1.95	2.70	0.83
	Rent Expenses	-	-	-	21.86
	Electricity Expenses	4.43	7.38	12.53	13.50
	Forex Fluctuation Loss	-	-	-	25.45
	Bank Charges	0.10	0.36	3.53	0.57
	Commission & Brokerage	-	-	-	1.65
	Repair & Maintenance	3.49	6.91	48.74	35.46
	Audit Fee	2.50	2.75	3.00	2.00
	Freight	0.02	2.00	0.17	-
	Rates & Taxes	0.03	1.43	2.86	0.20
	Telephone Expenses	0.95	1.23	1.73	0.98
	Insurance Charges	-	1.35	0.74	0.17
	Custom duty	0.01	0.54	8.07	0.05
	Business Promotion Expenses	-	-	1.96	4.90
	Fee & Subscription	-	-	4.04	26.82
	Printing & Stationery	-	-	0.78	0.39
	IPO Advisory Expenses	-	-	48.04	-
	Other Expenses	3.14	1.58	15.42	10.69
	Total	19.17	62.08	377.90	260.18

1.3 OVERVIEW OF CUSTOMERS

- On review of sales register, we noted that during the review period 1st April 2021 to 30th September 2024, total sales to 23 customers amounted to INR 9,448.31 lakhs out of which sales amounting to INR 8,698.17 lakhs (i.e. 92%) were to top 6 customers. Kindly refer below for year-wise sales during the review period :

C2C ADVANCE SYSTEMS LIMITED
OVERVIEW OF CUSTOMERS



1.3 OVERVIEW OF CUSTOMERS

➤ Details of Top customers of C2C Advanced Systems Limited are given below:

Amt in Lakhs

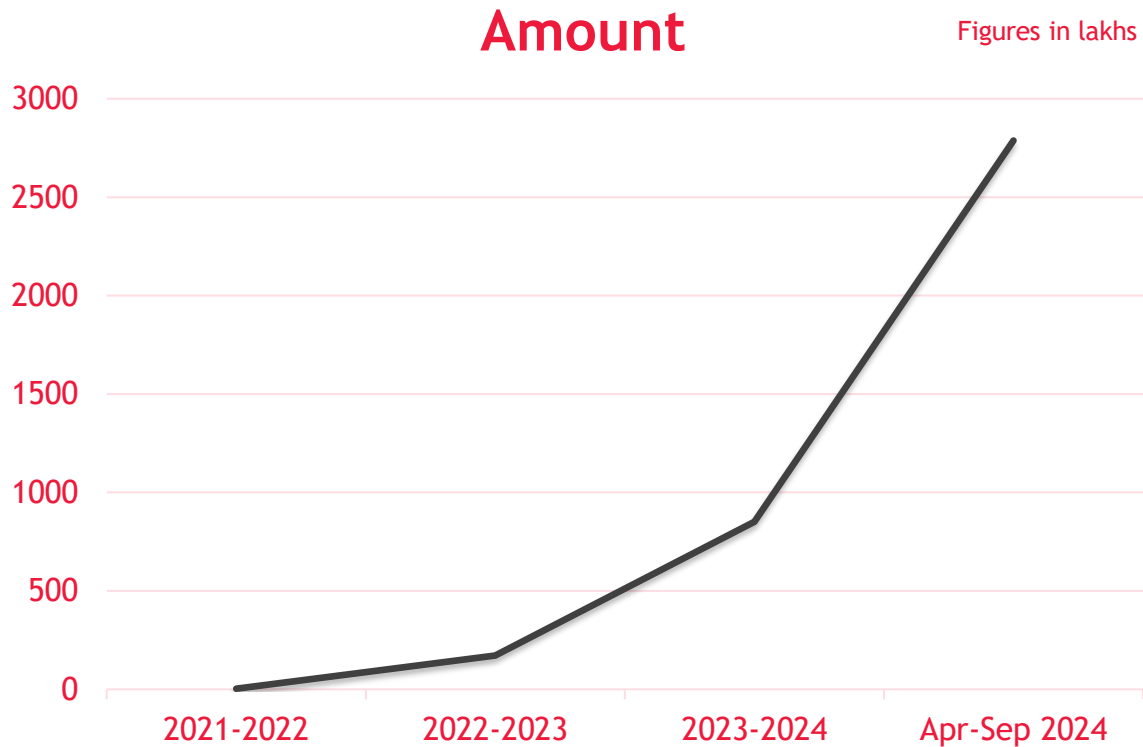
Sr. No	Particulars	Amount
1	C2C Innovative Solutions Inc	4,176.20
2	Synergy Log-in Systems	1,290.60
3	Tanjung Offshore Services	1,007.46
4	Realtime Techsolutions Pvt Ltd	888.27
5	OSI Maritime Systems Ltd	703.61
6	Synergy Information Technologies	632.03
7	Others	750.14
Total		9,448.31

C2C ADVANCE SYSTEMS LIMITED
OVERVIEW OF CUSTOMERS

1.4 OVERVIEW OF VENDORS

- On review of purchase register, we noted that during the review period 1st April 2021 to 30th September 2024, total purchases from 206 vendors amounted to INR 3,813.20 lakhs out of which purchase amounting to INR 3,595.78 lakhs (i.e. 94%) were from top 7 vendors. Kindly refer below for year-wise purchases during the review period :

C2C ADVANCE SYSTEMS LIMITED
OVERVIEW OF VENDORS



1.4 OVERVIEW OF VENDORS

➤ Details of Top vendors of C2C Advanced Systems Limited are given below:

Amt in Lakhs

Sr. No	Particulars	Amount
1	KSYHIMPEX	1,052.02
2	Ever Rich Traders	910.66
3	Shri Krishna Enterprises	732.41
4	Elco Systems Business Solutions Pvt. Ltd.	560.04
5	Third Wave Ruggedtech Pvt Ltd	191.07
6	Proactive Data Systems Private Limited	98.56
7	OSI MARITIME SYSTEMS LTD	51.02
8	Others	217.41
Total		3,813.20



2. EXECUTIVE SUMMARY

2. EXECUTIVE SUMMARY

1.1 MISMATCH IN RHP VIS A VIS BOOKS OF ACCOUNTS:

- On comparison of the financial numbers as disclosed in the Red Herring Prospectus (“RHP”) with Audited Financial statements and books of accounts of C2C Advance Systems Ltd (Target), we noted certain mismatches in amounts in Related Party disclosures for following entities:
 - C2C Innovations Private Limited - Loans payable as per Financials & RHP amounted to INR 13.29 lakhs, however, as per books of accounts loans payable amounted to INR 1,329.02 lakhs, as on 30th September 2024.
 - KTI Intelligent Systems Private Limited - Payments during the review period as per Financials & RHP amounted to INR 118.83 lakhs, however, as per books of accounts payments amounted to INR 369.40 lakhs.
 - PVR Multimedia Private Limited - INR 285.25 lakhs has been shown as loans repaid as per Financials & RHP, however, as per books of accounts INR 285.25 lakhs is loans received, for FY 2021-22
 - Realtime Techsolutions Private Limited - Receipts (advances received back) as per Financials & RHP amounted to INR 11.76 lakhs, however, as per books of accounts receipts is Nil, for FY 2023-24

1.2 REVIEW OF ORDER BOOK

- There were 2 different order book values were disclosed at 2 different places in RHP i.e., INR 6,527.45 Lakhs & INR 5,056.18 Lakhs. As explained by the company, order book value amounting to INR 6,527.45 Lakhs was wrongly disclosed.
- Further, we noted that category wise order book of INR 5,056.18 Lakhs is not available in RHP.
- Also, company had disclosed INR 756.96 lakhs as potential order in order book for one of the customer “OSI Maritime”. However, we noted that agreement between OSI Maritime and C2C Advanced Systems Limited was valid only up to October 2024. As explained by the company, order value disclosed against OSI Maritime was basis calculation of monthly billing of USD 38,000 for 24 months. However, extension letter / agreement was not available with the company for the above-mentioned period of 2 years i.e. October 2024 to October 2026.
- This suggests that unconfirmed order amounting to INR 756.96 lakhs was considered in total order book resulting into inaccurate presentation of same in RHP.

2. EXECUTIVE SUMMARY

2. REVIEW OF SALES:

- On review of sales register, we noted that total sales during the review period amounted to INR 9,448.31 Lakhs, out of which INR 7,445.12 Lakhs (78 %) is outstanding as on 30th September 2024, indicating that minimal collections were received from customers against sales during the review period.
- We noted that sales to 4 key customers amounted to INR 6,987.10 lakhs (74% of total sales) and all the 4 customers were related / connected to C2C. We further noted that 2 customers i.e. Synergy Log in system SDN BHD & Synergy Information Technology Inc, were not disclosed as related / connected parties in RHP & Financials of C2C Advance System Limited.
- Also, as per FEMA, every exporter of software must declare & certify its value of export in Softex forms. Accordingly, we had requested for Softex form for the export sales of software during the review period and we had been informed by the company that such Softex forms were not submitted by them. This has resulted in violation of FEMA Regulations & further raises a question on genuineness of software export transactions.
- Kindly refer below table for issues noted in case of 4 key customers which were related / connected to C2C

Name of Customer	Sales Booking	Particulars
C2Ci Inc- USA	4,176.20	<ul style="list-style-type: none"> • We identified 3 addresses of C2Ci INC (as per invoice, incorporation documents & public domain). However, on public domain searches we could not locate C2Ci INC on any of the 3 addresses. • Address as per invoice of C2Ci INC was same as address as per invoice of Synergy Information Technologies Inc • Address as per public domain of C2Ci INC was similar to the address as per contract / website of Synergy Information Technologies Inc (only difference was of postal code) • C2Ci INC was not engaged in similar line of business as that of C2C • On review of sales invoice EXP/005/2024-25 dated 30th September 2024 amounting to INR 931.93 lakhs (including E-way bill and Export bill), we noted that the goods / systems were shipped on 8th November 2024 indicating actual movement of goods in the month of November 2024. This indicates that revenue was recognized in September 2024 instead of November 2024 which has led to potential inflation of revenue as reported in RHP for the period April 2024 to September 2024. • Absence of milestones for invoicing in contracts & basis and rationale for arriving at sales price was not available for our review • Absence of adequate documentation for sales • Signature on contract of C2Ci INC and Synergy Information Technologies INC was of the same person

2. EXECUTIVE SUMMARY

Name of Customer	Sales Booking	Particulars
Synergy Information Technologies INC	632.03	<ul style="list-style-type: none"> We identified 3 addresses of Synergy Information Technologies INC (as per invoice, contract & website). However, on public domain searches we could not locate Synergy Information Technologies INC on any of the 3 addresses. Postal code of address as per contract & website does not exist Address as per invoice of C2Ci INC was same as address as per invoice of Synergy Information Technologies Inc Address as per public domain of C2Ci INC was similar to the address as per contract / website of Synergy Information Technologies Inc (only difference was of postal code) Synergy Information Technologies INC was not engaged in similar line of business as that of C2C Absence of milestones for invoicing in contracts & basis and rationale for arriving at sales price was not available for our review Absence of adequate documentation for sales Signature on contract of C2Ci INC and Synergy Information Technologies INC was of the same person
Synergy Log-in Systems Sdn Bhd	1,290.60	<ul style="list-style-type: none"> Synergy Log-in Systems Sdn Bhd was not engaged in similar line of business as that of C2C Absence of adequate documentation for sales
Realttime Techsolutions Pvt Ltd (RTTS)	888.27	<ul style="list-style-type: none"> Multiple payments amounting to INR 307.40 Lakhs were made by C2C on behalf of RTTS. Out of these, payments amounting to INR 161.84 lakhs were in nature of salary payments and expenses of RTTS. For remaining payment of INR 145.56 lakhs, detailed working, justification, agreement and other supporting documentation for the same was not provided to us Absence of adequate documentation for sales Financial default of RTTS not disclosed in RHP Funds received from private placements utilized for making payments to RTTS
Total	6,987.10	

- This raises question on the existence / operations of C2Ci INC & Synergy Information Technologies Inc as well as genuineness of contracts / sales transactions entered into with C2Ci INC & Synergy Information Technologies Inc.
- Further, in absence of milestones for invoicing in contracts, basis and rationale for arriving at sales price, absence of contracts, etc. we are unable to assess the genuineness of revenue recognised during the period 1st April 2023 to 31st March 2024 & 1st April 2024 to 30th September 2024.
- Further, we noted that order book value against 2 related / connected parties i.e. C2Ci Inc & Synergy Information Technology Inc amounted to INR 1685.15 lakhs. Considering that sales made to these parties are questionable in nature, order book value of INR 1685.15 lakhs as considered in RHP against these 2 parties is also questionable.

2. EXECUTIVE SUMMARY

3. MAPPING OF PURCHASE & EMPLOYEE BENEFIT VIS A VIS SALES

A. Purchases vis-a-vis sales :

- On review of Customer and Vendor ledgers we noted that there was a substantial spike in purchases and sales during the period 15th March 2024 to 30th September 2024.
- Prior to 15th March 2024, purchase cost was 10 % of sales. However, post 15 March 2024, purchase cost increased to 47% of sales.
- Further, considering that most of the sales of C2C are pertaining to sale of software, the purchase cost as compared to sales post 15th March 2024 appears to be on a higher side.

B. Employee benefit expenses vis a vis sales :

- It was noted that total employee benefit expenses amounted to INR 2,042.13 lakhs as against total sales amounting to INR 9,267.82 lakhs.
- Further, we noted that employee benefit expenses as compared to sales for the period April 2023 to March 2024 is only 23% & for the period April 2024 to September 2024 is only 14%. Considering that C2C is involved in the business of software development, ideally the % of employee benefit expenses as compared to sales should be on a higher side as major expense in this industry is employee cost.
- Further, on comparing employee cost as compared to the total revenue from operations of other entities engaged in similar line of business, we noted that employee cost as compared to the total revenue from operations of such companies was around 50% to 65%.
- This indicates unusually low employee cost of C2C as compared to sales raising a question on genuineness of sales reported during the period April 2023 to March 2024 & April 2024 to September 2024.

2. EXECUTIVE SUMMARY

C. Review of Purchases & Inventory:

Purchases

- Kindly refer below table for details of purchase & sales

Particulars	Purchases	Sales
Total Purchases & sales during the period 15 th March 2024 to 30 th September 2024 (A)	3,370.35	5,101.50
Closing stock as on 30 th September 2024 (B)	966.46	NA
Total Purchases & sales during the period post 15 th March 2024 excluding closing stock (C=A-B)	2,403.89	5,101.50
Sample sales transactions for which there was no outward movement of goods (D)	NA	3,169.97
Balance purchase & sales transactions (E=C-D)	2,403.89	1,931.53

- This indicates that purchases amounting to INR 2,403.89 lakhs were made for sales amounting to INR 1,931.53 lakhs.
- This raises a question on the genuineness of such purchases & sales transactions reported during the period 15th March 2024 to 30th September 2024.

Inventory

- We were provided with physical copy of details of inventory in hand as on 30th September 2024 amounting to INR 966.46 Lakhs.
- Inventory reflected in WIP against C2Ci INC and Synergy Information Technology amounted to INR 343.43 Lakhs and INR 138.86 Lakhs respectively. However, there were no actual delivery of goods required for these customers.
- Further, as informed by the company, LRDE Project was executed by C2C Advance System Ltd on behalf of RTTS for which entire sales was booked up to March 2024. However, we noted inventory reflected in WIP against LRDE Project amounting to INR 143.28 Lakhs as on 30th September 2024 even though the sales have already been completed and there were no pending deliveries as on 30th September 2024.
- Additionally, we noted inventory reflected in WIP against OSI Maritime for which monthly billing is done for employees who have worked on the said project.
- Hence, we are unable to understand the basis for inventory reflected in WIP since there is no actual delivery of goods for these parties, raising question on outstanding Inventory disclosed in financials & RHP as on 30th September 2024.

2. EXECUTIVE SUMMARY

4. REVIEW OF VENDORS:

- On review of vendor ledgers, we noted that total purchases amounted to INR 3,813.20 Lakhs during the review period, out of which purchase from top 4 vendors i.e. KYSH Impex, Ever Rich Traders, Shri Krishna Enterprises & Elco Systems Business Solutions Private Ltd amounted to INR 3,255.13 lakhs (85 %).
- On conducting public domain searches on the above-mentioned entities & document review, we noted below :
 - ✓ 3 out of 4 vendors were proprietorship firms
 - ✓ 3 out of 4 vendors had minimal presence on public domain
 - ✓ 1 out of 4 vendors was not in relevant line of business
 - ✓ No signature & stamp on invoices of 3 out of 4 vendors
 - ✓ 1 out of 4 vendors was having NIL revenue from FY 2018-19 to FY 2022-23 & financials for FY 2023-24 were not filed
 - ✓ Address of top 2 vendors were in same area & surname of both these proprietors are also same
 - ✓ Address of 1 vendor as per GST website was similar to address of another vendor as per invoice
 - ✓ 1 out of 3 vendors was not traceable during physical verification
- We further noted that despite minimal collections from customers, majority of the payments have been made to vendors. Further, in certain instances, advance payments have also been made to vendors.
- Also, we noted that there was spike in purchase with select vendors for the month of March 2024 & September 2024.
- This raises question on the existence / operations of such vendors as well as genuineness of purchase transactions entered into with such vendors.

2. EXECUTIVE SUMMARY

5. REVIEW OF ADVANCES TO VENDORS / SUPPLIERS:

- We noted that total advances to suppliers / vendors outstanding as on 30th September 2024 amounted to INR 746.53 Lakhs.
- In case of Kunal International FZ-LLC, we noted total advance payments of INR 324.97 lakhs against establishing experience center at Dubai. On review of payment milestones as per the contract, company had made entire payment to the vendor indicating that all the work allotted to Kunal International FZ-LLC had been completed like Feasibility study, procurement of equipment, installation & commissioning, etc. However, invoice & supporting documents were not available for our review. Further, on public domain searches we noted that Kunal International FZ-LLC is involved in business of wholesale, grocery, drugs and related business. This raises a question on the genuineness and recoverability of such advance given to vendor.
- Also, in case of Accord Software & System Pvt Ltd and Arihant Info Solutions advance payments of INR 55.53 Lakhs and INR 56.20 Lakhs respectively were given to vendor during the review period. However, we were provided with single pager invoices which were billed to Realtime Techsolutions Private Limited, and no other supporting documents were available for our review.
- We noted that advance amounting to INR 50.97 lakhs was given to Pythian for development of software which was outstanding for more than 3 years. However, supporting documents, email communications, follow up, etc. with Pythian Technologies were not available for our review (except for 1 email trail which was pertaining prior to the review period).

6. REVIEW OF CONSULTANCY FEES INCURRED BY C2C:

- On review of books of C2C, we noted that in FY 23-24, C2C has booked expenses against consultancy fees in the month of January & February 2024 amounting to INR 625 lakhs wherein the said consultancy fees were paid to 52 consultants. We were informed by the company that the said consultancy fees were paid for facilitation of private placements.
- We noted that out of INR 5,885.54 lakhs, INR 3,151.07 lakhs (54% of total private placements) were invested by multiple individual investors & companies other than related / connected parties of C2C. Consultancy fees paid by C2C amounted to INR 625 lakhs against such private placements which is around 20%. Hence, such consultancy fees paid by C2C appears unusually high.
- We further noted instances wherein C2C has issued equity shares to individuals / parties related to such individuals to whom consultancy fees was paid.

2. EXECUTIVE SUMMARY

7. PURCHASES FROM RFB LATEX LIMITED:

- We noted bill booking for purchase of DGFT Scrips from vendor RFB Latex Ltd amounting to INR 31.85 Lakhs. We noted that invoice was dated 5 October 2020, however the same was booked on 31 March 2023 and payment was made on 17th September 2022.
- We are unable to ascertain the reasons, basis & justification for procuring such scrips from RFB Latex Ltd. Also, details of utilization of such scrips were not available for our review.
- We further noted that validity of such DGFT Scrips are for maximum 24 months. Also, difference between date of invoice & date of recording such invoice in books of C2C is more than 24 months.
- Further, such scrips should be shown as Assets in Balance Sheet. However, C2C has expensed out such purchases instead of showing the same in Assets.
- We also noted payments to directors of RFB Latex Ltd (Ratra family) in nature of consultancy fees amounting to INR 125 Lakhs during the period of March 2024 to May 2024.
- This raises question on genuineness of such purchases & consultancy fees.

8. REVIEW OF LOANS & ADVANCES - RELATED PARTIES:

- We noted that total loans & advance outstanding against related parties amounted to INR 624.39 Lakhs as on 30th September 2024.
- We had requested for agreements for such loans & advance transactions with related parties, however, as informed by the company no agreements were entered for such related party transactions.
- Further, on review of board resolutions we noted that blanket approvals were taken for transactions with related parties without any specific amount & terms and conditions.
- Also, we noted that total outstanding receivable from Realtime Techsolutions Private Limited amounted INR 560.81 Lakhs, however, the company had failed to file its audited financial statement for the F.Y 2022-23 onwards and has defaulted in bank loans.
- Further, KTI Intelligent Systems Pvt Ltd had failed to file its audited financial statement for the F.Y 2022-23 onwards. However, we noted that the above mentioned payments were made to them during the period November 2023 to January 2024.
- Interest was booked only in ledger of PVR Multimedia Private Limited that too only once in the month of March 2024 at a nominal rate of 9%. In case of all other parties, no interest was booked indicating that such loans & advances were interest free in nature, however, the same is disclosed in RHP.
- Hence, we are unable to assess the reasons, basis and justification for such loans & advance transactions with related parties.



3. DETAILED OBSERVATIONS

1.1. MISMATCH IN RHP VIS A VIS BOOKS OF ACCOUNTS

- On comparison of the financial numbers as disclosed in the Red Herring Prospectus (“RHP”) with Audited Financial statements and books of accounts, we noted certain mismatches in amounts in Related Party disclosures. Please refer below observations for party-wise mismatch noted :

1. C2C Innovations Private Limited :

- We noted that Loans Payable outstanding balance as on 30th September 2024 of C2C Innovations Private Limited as per books of accounts amounted to INR 1,329.02 lakhs. However, the same was shown as INR 13.29 lakhs in Related Party Disclosure section in Audited Financials as well as Red Herring Prospectus. Refer below table for details.

INR in Lakhs

Name of Related Party	Particulars	As per Financials	As per RHP	As per Books Of Accounts
C2C Innovations Private Limited (Loans payable)	Closing Balances as on 30 September 2024	13.29	13.29	1,329.02

2. KTI Intelligent Systems Private Limited :

- We noted that during the review period payments (advance) made to KTI Intelligent Systems Private Limited as per books of accounts amounted to INR 369.40 lakhs. However, the same was shown as INR 118.83 lakhs in Related Party Disclosure section in Audited Financials as well as Red Herring Prospectus. Refer below table for details.

INR in Lakhs

Name of Related Party	Particulars	Transaction for F.Y 2022-23			Transaction for F.Y 2023-24		
		As per Financials	As per RHP	As per Books Of Accounts	As per Financials	As per RHP	As per Books Of Accounts
KTI Intelligent Systems Private Limited (Advances given)	Payments (During the review period)	-	-	2.00	118.83	118.83	367.40

1.1. MISMATCH IN RHP VIS A VIS BOOKS OF ACCOUNTS

3. PVR Multimedia Private Limited :

- We noted that there were differences in loans received & loans repaid in Related Party Disclosure section as per books of accounts vis a vis Audited Financials & Red Herring Prospectus. Refer below table for details.

INR in Lakhs

Particulars	Transaction for F.Y 2021-22		
	As per Financials	As per RHP	As per BOA
Loan Received	-	-	285.25
Loan Repaid	285.25	285.25	-

4. Realtime Techsolutions Private Limited :

- We noted that there were differences in advances received back in Related Party Disclosure section as per books of accounts vis a vis Audited Financials & Red Herring Prospectus. Refer below table for details.

INR in Lakhs

Name of Related Party	Particulars	Transaction for F.Y 2023-24		
		As per Financials	As per RHP	As per Books Of Accounts
Realtime Techsolutions Private Limited (Advances received back)	Receipts (During the review period)	11.76	11.76	Nil

1.1. MISMATCH IN RHP VIS A VIS BOOKS OF ACCOUNTS

MANAGEMENT RESPONSE

Kindly refer below for key management response received from Company :

1.1.1 C2C Innovations Private Limited:

- The aforesaid clerical error was purely unintentional and was not motivated to misrepresent any fact or figure. Furthermore, it is also pointed out that this error is a bonafide one, which was not deliberate, the same was never intended to cause any prejudice to anyone. It is purely a typographical error in the decimal place between the figures and as such the same is a bonafide error and nothing else.

1.1.2 KTI Intelligent Systems Private Limited:

- During the Financial year 2023-24, INR 367.40 lacs was paid to KTI, however a sum of INR 248.57 lacs was on account of outstanding liability and as such therefore the balance amount of INR 118.83 lacs (after netting off) were reflected to as advances and therefore it is specifically pointed out herein that amount after netting off was reported as advance which was given during this period and nothing was concealed as such.

1.1.3. PVR Multimedia Private Limited:

- During the financial year 2022-2023, our Company received from PVR Multimedia a sum of INR 54.99 Lakhs (Rupees Fifty-four Lacs and Ninety nine Thousand) on account of subscription towards share capital on behalf of its subsidiary company, C2C Innovations Private Limited and thus, the aforesaid amount does not fall within the loans received and was accordingly not reported in related party transactions.
- It is also pertinent that during the financial year 2023-2024, C2C did not receive any loan from PVR Multimedia. C2C had issued equity shares to PVR Multimedia for an amount aggregating to Rs. 379.99 Lakhs and had accordingly received the said sum towards the same.
- Further, it is submitted that the balance amount of equity shares subscription was then subsequently adjusted against outstanding loan of PVR Multimedia. It is important to point out herein that C2C has paid a sum of INR 890.20 lacs (Eight Hundred Ninety Lacs and Twenty Thousand) to PVR Multimedia during the year which were on account of outstanding loan for a sum of INR 826.57 lacs (Eight Hundred Twenty-Six Lacs and Fifty-Seven Thousand) and Rs. 63.63 lacs (Sixty-Three Lacs and Six Three Thousand) on account of interest. The same is reflected in the statements as shared by the C2C.
- Furthermore, it is submitted that for the financial year 2021-2022, C2C has reported the amount of Rs. 285.25 lacs (Two Hundred and Eighty Five lacs and Twenty Five thousand) under the incorrect section of “Note 30: Related party disclosure” i.e. the same has been reported under the “Loans received” section whereas it should have been under the “Loan repaid” section. It is clarified that the aforesaid clerical mistake was bonafide and unintentional.

1.1. MISMATCH IN RHP VIS A VIS BOOKS OF ACCOUNTS

MANAGEMENT RESPONSE

1.1.4. Realtime Techsolutions Private Limited:

- The aforesaid clerical error was purely unintentional and was not motivated to misrepresent any fact or figure. Furthermore, it is also pointed out that this error is a bonafide one, which was not deliberate, the same was never intended to cause any prejudice to anyone. It is purely a typographical error in the decimal place between the figures and as such the same is a bonafide error and nothing else.

Please refer page 1 to 4 of Annexure 1 for detailed Management response.

BDO COMMENTS ON MANAGEMENT RESPONSE

- We have noted the management response & wherever applicable necessary updates have been made in the observation section.

1.2. REVIEW OF ORDER BOOK

Overview :

- We noted that total order book value disclosed in Red Herring Prospectus (“RHP”) amounted to INR 5,056.18 Lakhs as on 30th September 2024
- We had requested for customer wise bifurcation from the company & below are the details provided by company :

Particulars	Amount (INR in Lakhs)
C2Ci Inc-2-Application	992.68
OSI Maritime	756.96
Solutions FZC	575.00
C2Ci Inc-2-Material	551.57
Synergy Information Technology Inc.	140.90
Tanjung Offshore	72.01
Subtotal - International	3,089.12
Bharat Electronics Ltd	1,691.59
Adani Defence	81.64
L&T	61.39
Subtotal - Domestic	1,834.61
Total Value of Order Book	4,923.73

1.2. REVIEW OF ORDER BOOK

Observations :

1. Mismatch in amount of total order book as on 30 September 2024 disclosed at 2 different places in RHP

- On review of Page no 154 of RHP, we noted that total order book value disclosed in RHP amounted to INR 6,527.45 Lakhs as on 30 September 2024. However, on review of Page number 30 of RHP, we noted that total order book value disclosed in RHP amounted to INR 5,056.18 Lakhs. This indicates that there was a difference in total order book value disclosed at 2 different places in RHP.
- As explained by the company, order book value amounting to INR 6,527.45 Lakhs on Page no. 154 was wrongly disclosed in RHP & order book value of INR 5,056.18 Lakhs needs to be considered. However, company had provided client wise order book value amounting to INR 4,923.73 Lakhs only for our review.
- Further, category wise order book of INR 5,056.18 Lakhs is also not available in RHP.
- Kindly refer below screenshots from RHP for details of mismatch

Screenprint of page 30 of RHP

9. The amount of orders we have received in the past, our current order book and our growth rate may not be indicative of the number of orders we will receive in the future.

As at March 15, 2024, our order book amounted to ₹ 6527.46 lakhs (One US\$ = ₹ 82.50) and as on September 30, 2024 our order book amounted to ₹ 5,056.18 lakhs. We prepare our order book on the basis of the work completed, the outstanding work and the time expected to complete the bids and contracts forming part of the order book. The order book may be materially impacted if the time taken or amount payable for completion of any ongoing order of our Company changes. The growth of our order book is a cumulative indication of the revenues that we expect to recognise in future periods in relation to signed contracts. Further, we cannot guarantee that the income anticipated in our order book will be realised, or, if realised, will be realised on time or result in profits. In addition, our order book depends on continued growth of the defence and space sector in India and our ability to remain competitive. Our existing order book and our growth rate may not be indicative of the number of orders we will receive or our growth in the future.

1.2. REVIEW OF ORDER BOOK

Screenprint of page 154

Our Order Book

Set forth below are details of our order book as on September 30, 2024

Particulars	Number of Orders	Value (₹ in Lakhs)
IP led revenue Orders	4	1562.20
Defense project led Orders	5	2228.74
Defense Service led Orders	3	1767.14
Digital Transformation Orders	2	969.37
Total		6527.45

2. Absence of supporting documents for amount considered in client wise order book against customer OSI Maritime

- We had requested for contract, agreements, purchase orders, other supporting documents, etc. for amounts considered against each customer in order book as on 30 September 2024.
- In case of OSI Maritime, we noted that agreement between OSI Maritime and C2C Advanced Systems Limited was from October 2022 till October 2024. This contract was for monthly billings for support staff of C2C Advanced Systems Limited working for OSI Maritime.
- As explained by the company, order value disclosed against OSI Maritime was basis calculation of monthly billing of USD 38,000 for 24 months.
- However, extension letter / agreement was not available with the company for the above-mentioned period of 2 years i.e. October 2024 to October 2026.
- This suggests that unconfirmed order amounting to INR 756.96 lakhs was considered in total order book resulting into inaccurate presentation of same in RHP.

1.2. REVIEW OF ORDER BOOK

MANAGEMENT RESPONSE

Kindly refer below for key management response received from Company :

- In the DRHP dated April 26, 2024, filed with NSE, the Order Book for Rs. 6527.45 Lakhs was as on March 15, 2024, whereas while updating RHP, although the date was mentioned as September 30, 2024, but the Order position remained that of March 15, 2024, only.
- The aforesaid clerical error was purely unintentional and was not motivated to misrepresent any fact or figure. Furthermore, it is also pointed out that this error is a bonafide one, which was not deliberate, the same was never intended to cause any prejudice to anyone.
- Further, the variation of Rs. 1.30 crores in the total order book of Rs. 50.56 crores, although immaterial, is on account of spares and consumables.
- Further, sale is part of your audit scope but proposed sales is not and therefore in our opinion, analysis of order book is out of your scope of audit

Please refer page 4 & 5 of Annexure 1 for detailed Management response.

BDO COMMENTS ON MANAGEMENT RESPONSE

- We have noted the management response & there are no changes in the observation.

2. REVIEW OF SALES

A. Overview :

- On review of sales register, we noted that total sales during the review period amounted to INR 9,448.31 Lakhs. Out of this, sales to 5 key customers amounted to INR 7,994.56 lakhs.
- Please refer customer-wise table below :

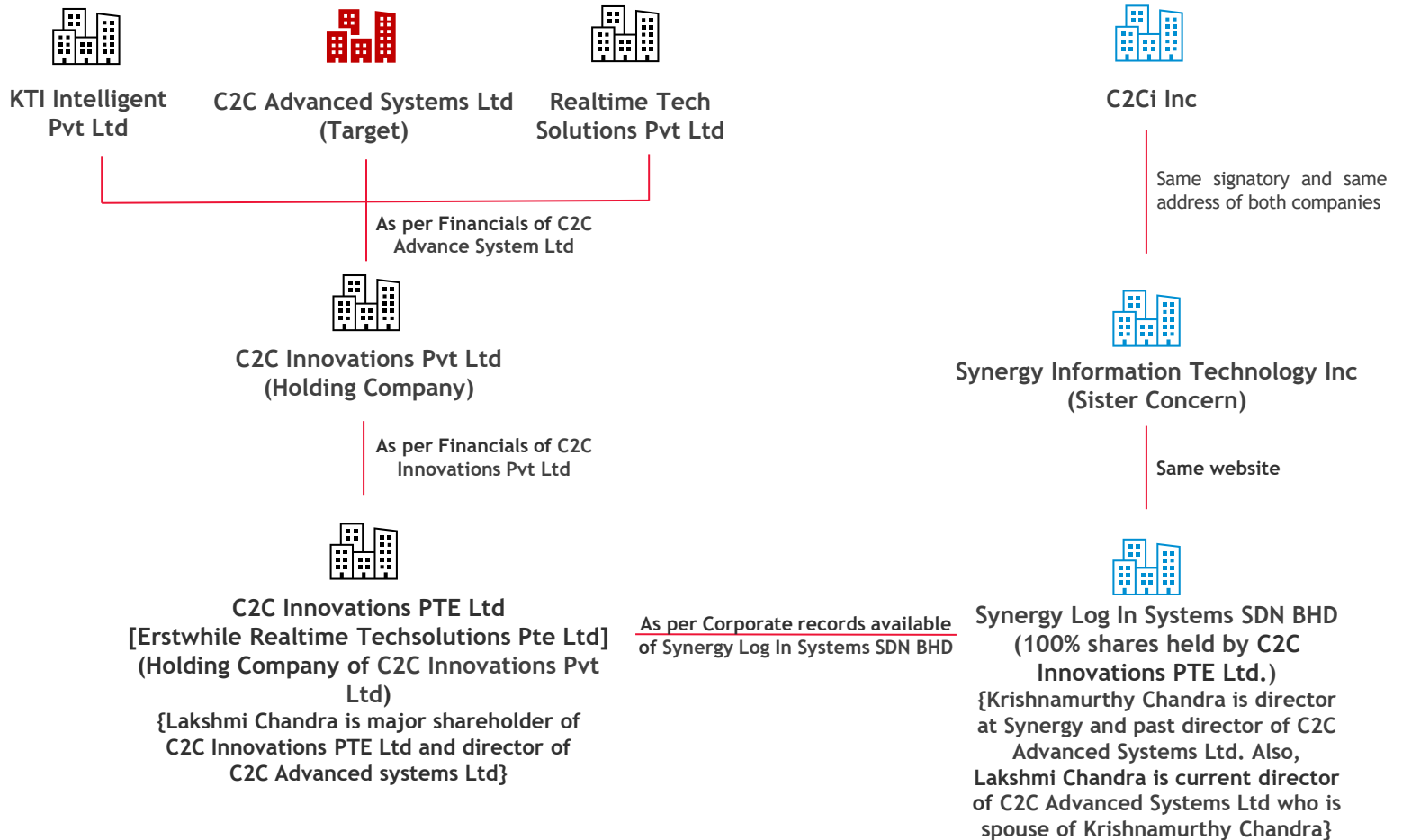
INR in Lakhs

Name of Debtors	Opening Balance as on 01-04-2021	Sales Booking	Receipt from Customer	Payment to customer	Adjustment	Closing balance as on 30-09-2024
C2Ci Inc- USA	-	4,176.20	(331.46)	-	(18.40)	3,826.34
Synergy Information Technologies INC	-	632.03	(51.50)	-	(3.07)	577.45
Synergy Log-in Systems Sdn Bhd	-	1,290.60	(29.85)	-	(1.430)	1,259.31
Realtime Techsolutions Pvt Ltd	(91.35)	888.27	(969.73)	308.32	(135.51)	-
Tanjung Offshore Services SDN BHD	-	1,007.46	-	-	0.04	1,007.51
Total	(91.35)	7,994.56	(1,382.54)	308.32	(158.37)	6,670.61

- We further noted that out of total sales during the review period amounting to INR 9,448.31 Lakhs, INR 7,445.12 Lakhs (78 %) is outstanding as on 30th September 2024.
- We also noted that out of total sales to above mentioned 5 key customers amounting to INR 7,994.56 lakhs, INR 6,670.61 lakhs (83%) is outstanding as on 30th September 2024. Out of which receivables of INR 4,380.24 Lakhs (Approx) are outstanding for more than 90 days.
- On conducting public domain searches of customers, we noted that certain key customers are related / connected with C2C Advanced Systems Limited. Please refer chart on next slide for details.

2. REVIEW OF SALES

C2C ADVANCE SYSTEMS LIMITED
C2C GROUP STRUCTURE & CONNECTED ENTITIES



2. REVIEW OF SALES

B. Connections with customers

- On review of audited financial statements of C2C Advanced Systems Limited, we noted that C2C Innovation Private Limited is its holding entity. Further, on review of audited financial statements of C2C Innovation Private Limited, we noted that it is held by C2C Innovation Pte Limited (Erstwhile Realtime Techsolutions Pte Ltd).
- Further, on conducting database searches, we noted that the entire share capital of the Synergy Log in system SDN BHD is held by C2C Innovation Pte Limited. Also, we noted that Mr. Krishnamurthy Chandra who is a director in Synergy Log in system SDN BHD was also a past director in C2C Advanced Systems Limited. Further, Lakshmi Chandra is current director of C2C Advanced Systems Ltd who is spouse of Krishnamurthy Chandra. Additionally, we noted that as per LinkedIn profile of Krishnamurthy Chandra, it is mentioned that he is CEO of C2C Advanced Systems Limited & C2C Innovation Private Limited.
- We further noted that website of Synergy Log-in system SDN BHD and Synergy Information Technology Inc is same i.e. name of both the companies are appearing on the same website indicating that both the companies are connected.
- On review of contract copies of Synergy Information Technology Inc & C2Ci INC, we noted same signatory i.e. Mr. S Prabakaran in both contracts. We also noted that one of the past director of C2C Innovation Private Limited was Mr. Selvaraj Prabakaran. Further, on review of invoices of C2Ci INC and Synergy Information Technology Inc, we noted that address of both the companies on invoices is same indicating that both the companies are connected.
- Further, on review of audited financial statement for F.Y 2015-16 of Secure Earth Technologies Limited (financials post FY 2016-17 were not filed), we noted that the company had disclosed Synergy Information Technology Inc and Synergy Log in system SDN BHD as their subsidiary company indicating that both the companies are connected and following were the directors of Secure Earth Technologies Limited :

Sr. No	Name of Directors
1	Murtaza Ali Soomar
2	Maya Chandra
3	Selvaraj Prabakaran

2. REVIEW OF SALES

C. Inaccurate related party disclosures in RHP :

- On review of RHP, we noted that company had disclosed the name of promoter of C2C Innovation Private Limited as C2C Singapore Pte Limited on Page number 188 of RHP. However, on review of audited financial statements of C2C Innovation Private Limited, we noted that the name of the holding entity is C2C Innovation Pte Limited (Erstwhile Realtime Techsolutions Pte Ltd).
- We further noted that below mentioned companies were not disclosed as related / connected parties in RHP & Financials of C2C Advance System Limited
 - ✓ Synergy Log in system SDN BHD
 - ✓ Synergy Information Technology Inc

2. REVIEW OF SALES

Screenprint of Page No 188 of RHP

Details of the promoter and promoter group of our Promoter

The promoter of C2C Innovations Private Limited is C2C Singapore Pte Limited holding 43,02,120 Equity Shares constituting 93.48% of the issued and paid-up capital of the Company. Ms Lakshmi Chandra is the Significant Beneficial Owner of our Promoter or the natural person in control of our Promoter holding 16,15,000 Equity shares constituting 100% of the issued and paid-up capital of C2C Singapore Pte Limited.

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Screenprint of audited financial statements of C2C Innovation Private Limited

Enterprises owned or significantly influenced by key management personnel or their relatives:

Realtme TechSolutiond PTE Ltd.

Holding Company

PVR Multimedia Private Limited

Ultimate Holding Company

Realtme Techsolutions Pvt. Ltd.

Subsidiary of Ultimate Holding Co.

KTI Intelligent Systems Pvt. Ltd.

Subsidiary Company

C2C DB Systems Pvt. Ltd.

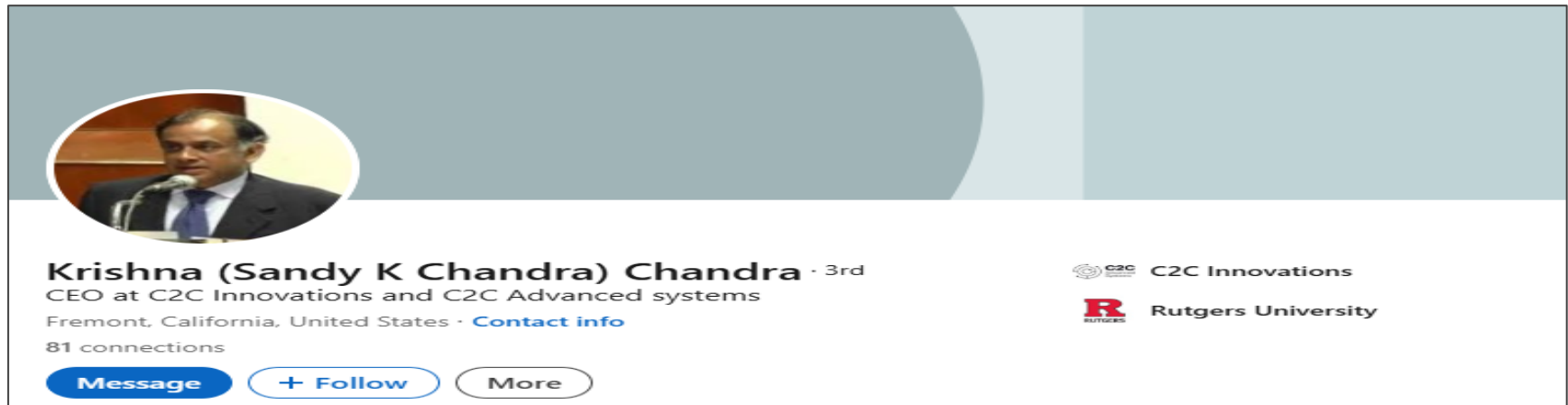
Subsidiary Company

2. REVIEW OF SALES

Screenprint for change in name of Realtime Teshsolutions PTE LTD



Business Profile (Company) of C2C INNOVATIONS PTE. LTD. (200812698G)		Date: 12 Dec 2024
Name of Company	: C2C INNOVATIONS PTE. LTD.	
Former Name if any	: REALTIME TECHSOLUTIONS PTE. LTD.	
Date of Change of Name	: 21 JUN 2023	
UEN	: 200812698G	
Incorporation Date	: 01 JUL 2008	
Company Type	: PRIVATE COMPANY LIMITED BY SHARES	

Screenprint of LinkedIn profile of Krishnamurthy Chandra



Krishna (Sandy K Chandra) Chandra · 3rd
CEO at C2C Innovations and C2C Advanced systems
Fremont, California, United States · [Contact info](#)
81 connections

[Message](#) [+ Follow](#) [More](#)

 C2C Innovations
 Rutgers University

2. REVIEW OF SALES

Screenprint of directors of Synergy Log in System SDN BHD

Directors / Officers				
Name	IC / Passport	Position	Appointment Date	Address
RAVENDRAN A/L P. SIVALINGAM	570925-10-6275	DIRECTOR	17-10-1998	NO.32, SS5C/14 KELANA JAYA 47301 PETALING JAYA SELANGOR
TERWANDER SINGH A/L BADAN SINGH	530513-10-5077	SECRETARY	11-01-2011	NO. 14 USJ 6 JALAN 6/6 (G) 47610 SUBANG JAYA SELANGOR
KRISHNAMURTHY CHANDRA	565432150	DIRECTOR	27-07-2012	A 32 WEST END NEW DELHI 110021 INDIA

Screenprint of RHP showing change in directorship

Changes to our Board in the last three years		
Except as mentioned below, there have been no changes in our Directors in the last three years:		
Name	Date of appointment / change in designation / cessation	Reason
Lakshmi Chandra	April 01, 2022	Resignation due to pre-occupation
Chandra Krishnamurthy	April 01, 2022	Appointment
Chandra Krishnamurthy	December 31, 2022	Resignation due to professional pre-occupation

2. REVIEW OF SALES

Screenprint of RHP showing relatives of directors / KMP's of C2C Advanced Systems Limited

Lakshmi Chandra	Maya Chandra	Kuriyedath Ramesh	Srinivasa Lanka	Murtaza Ali Soomar	Relationship with the Promoter
Erode Ganapathi Iyer Ramachandran	Krishna Chandra	-	-	Shabbir	Father
	Lakshmi Chandra	Savithri Antarjanam	Lanka Annapurna	Nilofer	Mother
Krishna Chandra	-	K C Smitha	Lanka Padmaja	Mahira	Spouse

Screenprint of RHP showing details of directors / KMP's / related or connected parties of C2C Advanced Systems Limited

(a) Names of related parties and related party relationship

Key Managerial Personnel (KMP):


K.Ramesh	Director
Murtaza Ali Soomar	Director & CFO
LSS Narendra	Director (till 14th Jan 2023)
Lakshmi Chandra	Managing Director (from 31st Dec 2022)
Krishnamurthy Chandra	Relative of Director
Hari Chandra	Relative of Director

2. REVIEW OF SALES

Screenprint of total share capital details of Synergy Log in System SDN BHD

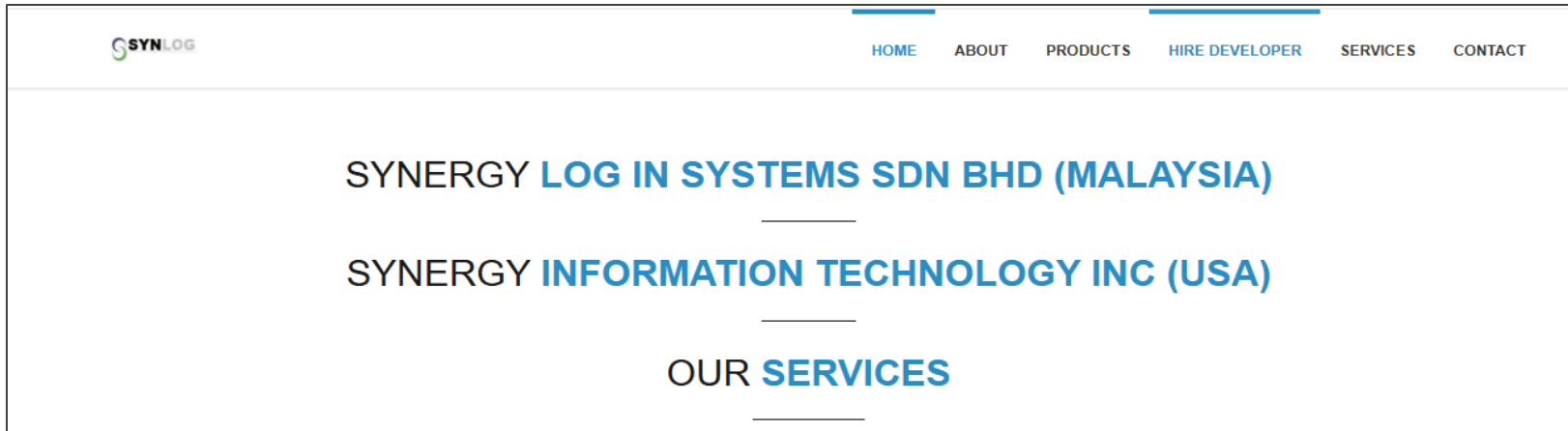
Name	: SYNERGY LOG-IN SYSTEMS SDN. BHD.		
Registration No.	: 199801014351 (470480-P)		
<u>SUMMARY OF SHARE CAPITAL</u>			
TOTAL ISSUED (RM)	1,215,291.0000		
CLASS OF SHARE	CASH	OTHERWISE THAN CASH	ISSUED SHARE
ORDINARY	886,388	328,903	1,215,291
PREFERENCE	0	0	0
OTHERS	0	0	0
TOTAL	886,388	328,903	1,215,291

Screenprint of current shareholder details of Synergy Log in System SDN BHD

 SURUHANJAYA SYARIKAT MALAYSIA COMPANIES COMMISSION OF MALAYSIA			2 / 3
Name	: SYNERGY LOG-IN SYSTEMS SDN. BHD.		
Registration No.	: 199801014351 (470480-P)		
<u>CURRENT SHAREHOLDERS</u>			
ID/Passport/ Registration No	Name/Address	Total Share	
-	REALTIME TECHSOLUTIONS PTE. LTD. 320 SERANGOON ROAD #12-10 CENTRIUM SQUARE, SINGAPORE (218108)	1,215,291	

2. REVIEW OF SALES

Screenprint for website of Synergy Log-in system SDN BHD

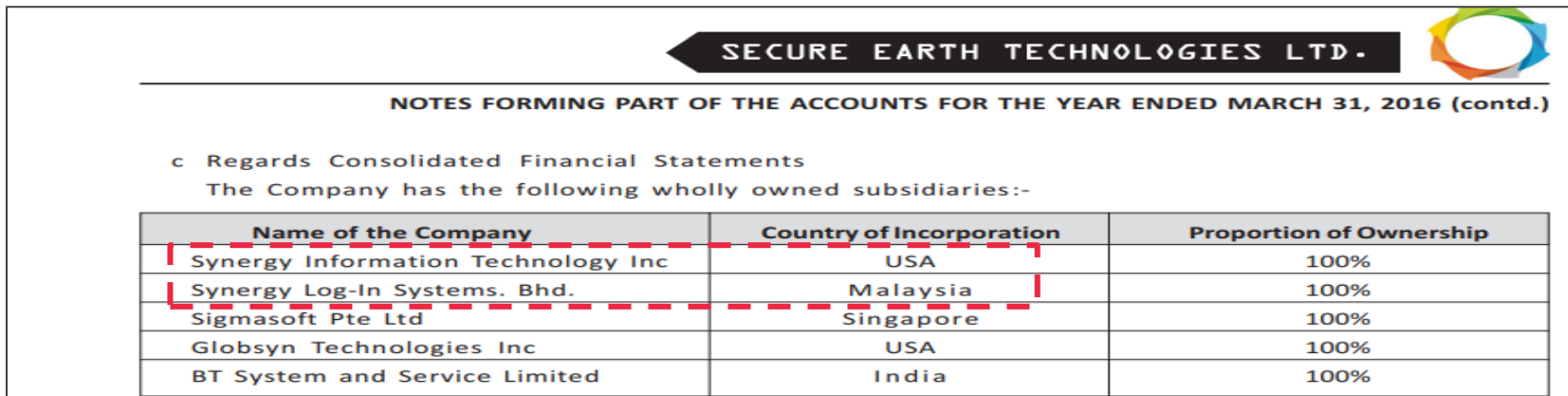


SYNERGY LOG IN SYSTEMS SDN BHD (MALAYSIA)

SYNERGY INFORMATION TECHNOLOGY INC (USA)

OUR SERVICES

Screenprint for Financials of Secure Earth Technologies Limited



SECURE EARTH TECHNOLOGIES LTD.

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016 (contd.)

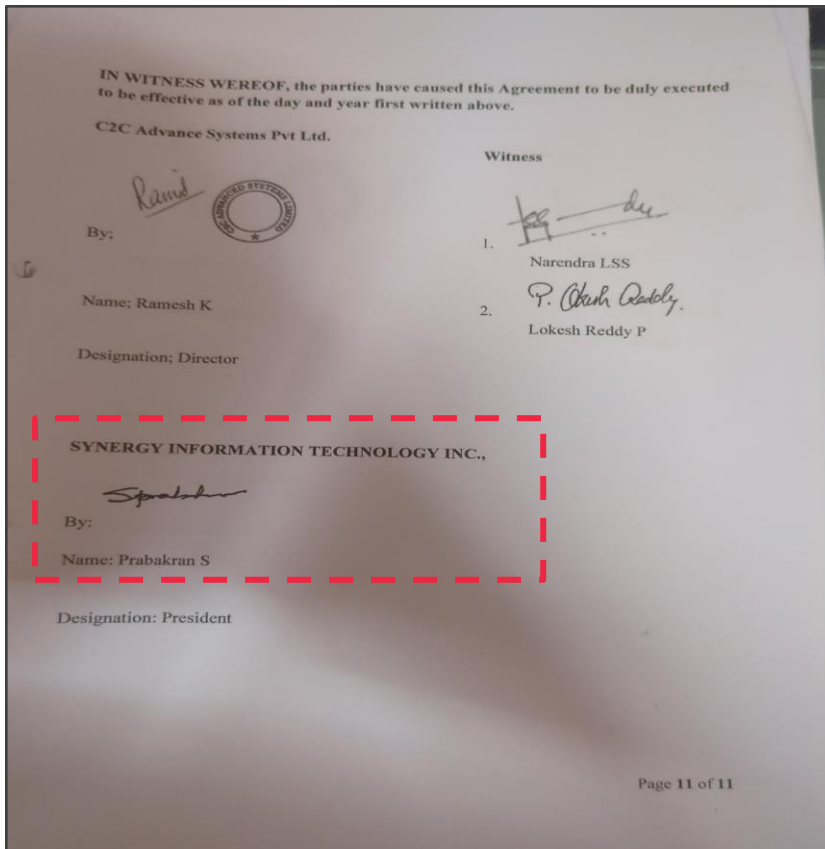
c Regards Consolidated Financial Statements

The Company has the following wholly owned subsidiaries:-

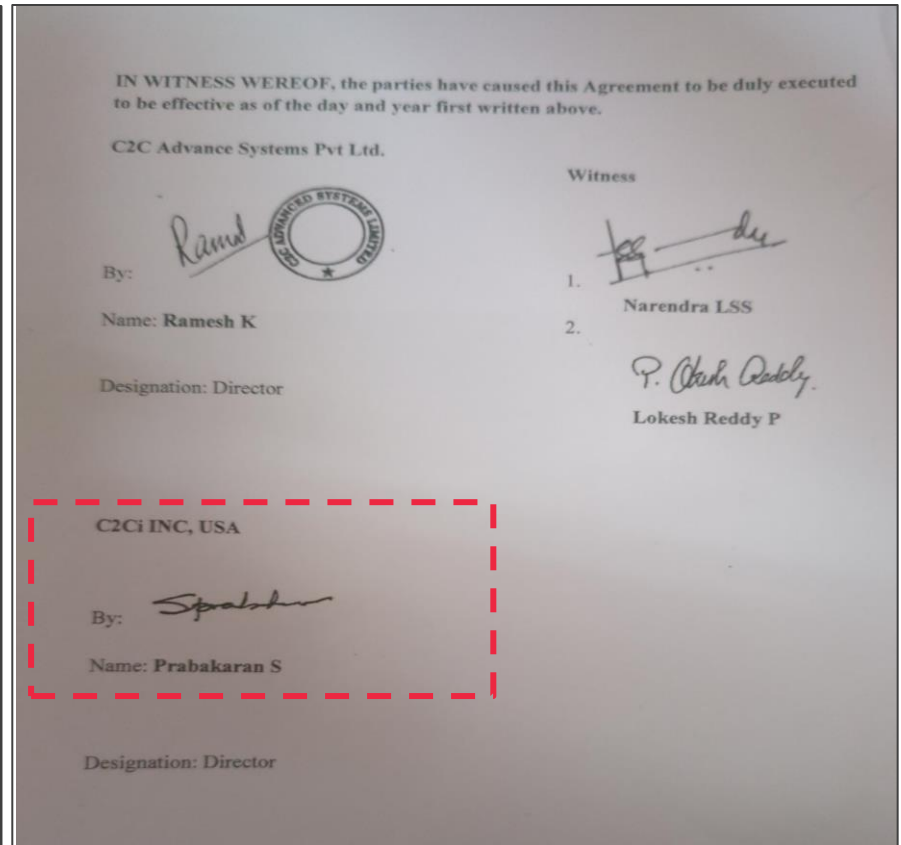
Name of the Company	Country of Incorporation	Proportion of Ownership
Synergy Information Technology Inc	USA	100%
Synergy Log-In Systems. Bhd.	Malaysia	100%
Sigmasoft Pte Ltd	Singapore	100%
Globsyn Technologies Inc	USA	100%
BT System and Service Limited	India	100%

2. REVIEW OF SALES

Screenprint of Contract between C2C Advance Systems Limited And Synergy Information Technologies USA



Screenprint of Contract between C2C Advance Systems Limited And C2Ci INC, USA



2. REVIEW OF SALES

Screenprint of Sales Invoice of C2Ci Inc

C2C Advanced Systems Limited 2nd Floor, Wings of Eagles, 55 Commercial Estate, Nagavarapalya Main Road, CV Raman Nagar, Bangalore GSTIN/UIN: 29AAHCC4189Q12Q State Name : Karnataka, Code : 29 CIN: U72200KA2018PLC110361 Contact : 080-43724052, 9845437619 E-Mail : lokesh.reddy@c2c-as.com		INVOICE	
Consignee (Ship to) C2Ci Inc- USA 1579, Curtner Avenue, San Jose, California, 95125 Buyer (Bill to) C2Ci Inc- USA 1579, Curtner Avenue, San Jose, California, 95125 Place of Supply :		Invoice No. EXP/005/2024-25	e-Way Bill No.
		Delivery Note C2C/PL/24-25/005	Dated 30-Sep-24
		Reference No. & Date. EXP/005/2024-25 dt.30-Sep-24	Mode/Terms of Payment Wire Transfer Against Shipping documents
		Buyer's Order No. PO/C2Ci/24-25/018	Other References C2C/PL/24-25/005 Dated: 30-09-2024
		Dispatch Doc No. EXP/005/2024-25	Dated 1-Aug-24
		Dispatched through BY Sea	Delivery Note Date 30-Sep-24
		Terms of Delivery Delivery at the Customer Door Step, Duty, Freight and Insurance Paid	Destination USA

Screenprint of Sales Invoice of Synergy Information Technologies Inc

(SUPPLY MEANT FOR EXPORT/SUPPLY TO SEZ UNIT OR SEZ DEVELOPER FOR AUTHORISED OPERATIONS UNDER BOND OR LETTER OF UNDERTAKING WITHOUT PAYMENT OF IGST)		INVOICE	
C2C Advanced Systems Limited 2nd Floor, Wings of Eagles, 55 Commercial Estate, Nagavarapalya Main Road, CV Raman Nagar, Bangalore GSTIN/UIN: 29AAHCC4189Q12Q State Name : Karnataka, Code : 29 CIN: U72200KA2018PLC110361 Contact : 080-43724052, 9845437619 E-Mail : lokesh.reddy@c2c-as.com		Invoice No. Exp-007/2023-24	
Consignee (Ship to) Synergy Information Technologies Inc. 1579 Curtner Ave, San Jose, CA 95125-4724 Buyer (Bill to) Synergy Information Technologies Inc. 1579 Curtner Ave, San Jose, CA 95125-4724 Place of Supply :		Delivery Note	Dated 11-Dec-23
		Reference No. & Date. Exp-007/2023-24 dt. 11-Dec-23	Mode/Terms of Payment
		Buyer's Order No.	Other References
		Dispatch Doc No.	Dated
		Dispatched through	Delivery Note Date
		Country:	Destination
		LUT/Bond No. : RFD-11 From: 11-04-2023 To: 10-04-2024	
		Terms of Delivery	

2. REVIEW OF SALES

D. Absence of Softex Forms for sale of software :

- Regulation 6 of the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 provides for declaration of software exports before the designated official of STPI or SEZs. With respect to units operating otherwise than as STPI or SEZ units that is DTA units, RBI has notified STPI as the authority to receive declarations in SOFTEX forms and to certify the value of exports.
- Section 7 of FEMA deals with export of goods and services. Vide Section 7(3), every exporter of services shall furnish to RBI or to such authorities a declaration in such form and in such manner as may be specified, containing the true and correct material particulars in relation to payment for such services.
- Accordingly, we had requested for SOFTEX form for the export sales of software during the review period and we had been informed by the company that such SOFTEX forms were not submitted by them.
- This has resulted in violation of Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 & further raises a question on genuineness of software export transactions.

2. REVIEW OF SALES

E. Party wise Observation :

1. C2Ci INC

I. Review of Ledger :

- On review of ledger of C2Ci INC, we noted that out of total sales of INR 4,176.20 Lakhs, sales amounting to INR 2,773.75 Lakhs i.e., around 66 % of sales were booked during the period of March 2024 to September 2024.
- Further, we noted total receipts amounted to INR 331.46 Lakhs only i.e., 8% of total sales during the review period.

II. Public Domain searches :

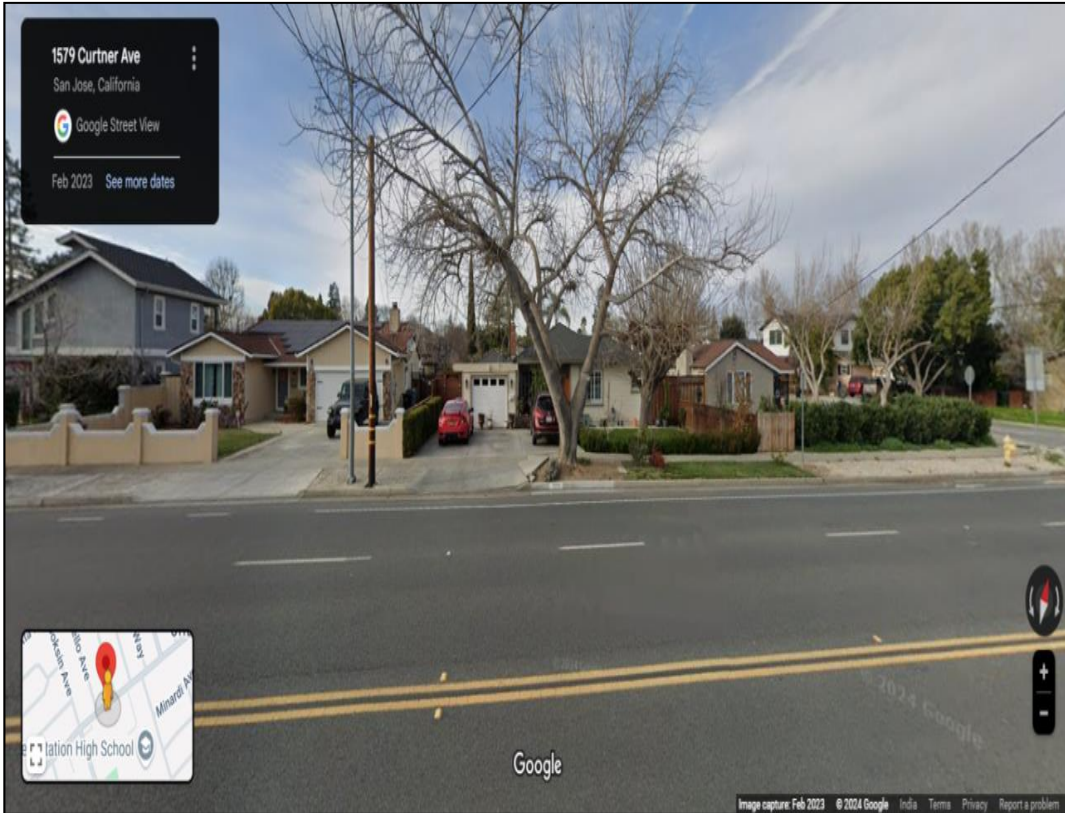
- We noted minimal presence of customer C2Ci INC on public domain searches. Further, on review of addresses mentioned on the contract / sales invoices / export documents / incorporation document we noted below :

Address per Invoice / Agreement / Export document / Incorporation Document	Remarks
1579 Curtner Avenue San Jose California 95125, USA (As per invoice)	<ul style="list-style-type: none">• On public domain searches we could not locate C2Ci INC on the said address. Further the address is of a residential locality. (Please refer screenshot on subsequent slides)• Also, this address was same as the address on invoice of Synergy Information Technologies Inc
300 Delaware Avenue, Suite 210-A, Wilmington, DE 19801 in New Castle County (As per incorporation)	<ul style="list-style-type: none">• On public domain searches, we were unable to identify C2Ci INC on the said address. Further, we noted that this address offers co working space (office space as well as virtual space). (Please refer screenshot on subsequent slides)
39900 Blacow Road, Fremont CA 94538 (As per public domain)	<ul style="list-style-type: none">• On public domain searches we could not locate C2Ci INC on the said address. Further the address is of a residential locality• Also, this address was similar to the address as per contract / website of Synergy Information Technologies Inc (only difference was of postal code)

- This raises question on the existence / operations of C2Ci INC as well as genuineness of contracts / sales transactions entered into with C2Ci INC and also on corresponding order book of INR 1544.25 Lakh as considered in RHP.

2. REVIEW OF SALES

Screenprint of Address as per google maps - 1579 Curtner Avenue San Jose California 95125, USA



1579 Curtner Ave
San Jose, California
Google Street View
Feb 2023 See more dates

1579 Curtner Ave, San Jose, CA 95125

Beds	Baths	Sq ft
2	1	1,072

R Redfin

Directions

Facts and features

Lot: 716.5 m²

Year built: 1948

Type: Single Family Residential

Heating: Forced air, Central

Cooling: Ceiling fan

[See more details](#)

Image capture: Feb 2023 © 2024 Google India Terms Privacy Report a problem

2. REVIEW OF SALES

Screenprint of co working space situated on registered address 300 Delaware Avenue, Suite 210-A, Wilmington, DE 19801 in New Castle County

[Home](#) > [Virtual Spaces](#) > [Location](#)



Wilmington

300 Delaware Avenue, Suite 210 Wilmington, 19801

We are conveniently located in downtown Wilmington within close proximity to DART, located directly in-front of our building, as well as the Tatnall Street Subway which makes for an easy commute for you and your clients. We are also within walking distance of great restaurants, the IMAX theatre, Delaware Art Museum, and the Delaware Riverfront. Here we offer fully furnished offices, a professional reception area, and access to meeting rooms as well as virtual packages all customizable to fit your business needs.

302-570-4904 • 300@tkosuites.com • [Katelyn Dowdy](#)

[VIEW PLANS](#)



2. REVIEW OF SALES

Screenprint of Address as per Google Maps - 39900 Blacow Road, Fremont CA 94538

The image is a composite of two screenshots. The left screenshot shows a Google Maps street view of Sundale Apartments at 39900 Blacow Rd, Fremont, CA. The building is a multi-story structure with a green sign that says "Sundale". There are several cars parked in front, including a white sedan and a silver sedan. The right screenshot shows a Zillow listing for the same property. The listing includes the address, a table of property details, and a "Directions" button.

Bedrooms	Bathrooms	Sq ft
99	17	107,912

39900 Blacow Rd, Fremont, CA 94538

18 of 24 - Clipboard
Item not Collected: Delete items

2. REVIEW OF SALES

III. Company engaged in unrelated line of business :

- On review of contract between C2Ci INC & C2C Advance Systems Limited, we noted that defence related software's were provided by C2C Advance Systems Limited to C2Ci INC.
- However, on conducting public domain searches, we noted that C2Ci INC is engaged in Computer Systems Design and Related Services, Professional, Scientific and Technical Services, Online services technology consultants, etc.
- This indicates that C2Ci INC is not in business of defence systems / software's.

IV. Review of Sales contract, invoices and supporting documentation :

a. Revenue recognition :

- On review of sales invoice no. EXP/005/2024-25 dated 30th September 2024 amounting to INR 931.93 lakhs, we noted that the order was received in the month of August 2024 and delivery was to be executed by 15th October 2024.
- Further, on review of E-way bill and Export bill, we noted that the goods / systems were shipped on 8th November 2024 indicating actual movement of goods in the month of November 2024.
- This indicates that revenue was recognized in September 2024 instead of November 2024 which has led to potential inflation of revenue as reported in RHP for the period April 2024 to September 2024.

b. Inadequate documentation for booking of sales :

- We had requested for 4 sales invoices amounting to INR 1,175.63 lakhs along with supporting documents. We received only invoices, however, supporting documents such as delivery challans, export documents, shipping bill, Softex forms, etc. we were not available for our review.
- Further, we were informed by the company that these software's were handed over by the company to authorised representatives of C2Ci INC in CD's. We were only provided with single pager internal delivery notes for the same. Name of authorised personnel to whom CD was handed over was also not mentioned on the said delivery note.
- Further, email communications with the customer for confirmation of delivery of goods was also not available for our review.

2. REVIEW OF SALES

c. Absence of billing milestones in contract :

- On review of contract between C2Ci INC and C2C Advance system Limited amounting to \$41,00,000 dated 1st November 2023, we noted that 4 systems were to be delivered by C2C Advance system Limited to C2Ci INC.
- However, there was no mention of invoice milestones in the contract. For payments, it was mentioned in the contract that all payments shall be made within 30 days of the successful implementation of applications and approvals.
- Kindly refer below table for deliverables & pricing

Particulars	Amount (in USD)
System 1	USD 8,00,000
System 2	USD 5,00,000
System 3	8 modules of USD 2,00,000 each
System 4	6 modules of USD 2,00,000 each

- On review of sales register, we noted that total sales were booked amounting to \$29,04,000 i.e., INR 2,424.77 Lakhs. However, the invoices were not billed system wise. There were multiple invoice booking entries which could not be correlated with particular systems.
- Kindly refer table below for details of sales invoices booked

Invoice date	Voucher No	Amount (in USD)
05-01-2024	Exp-009/2023-24	2,10,000.00
26-01-2024	Exp-012/2023-24	2,10,000.00
21-09-2023	Exp-017/2023-24	95,000.00
21-09-2023	Exp-018/2023-24	95,000.00
21-11-2023	Exp-019/2023-24	95,000.00
25-04-2024	Exp-001/2024-25	1,44,000.00
22-05-2024	Exp-004/2024-25	2,28,000.00
21-06-2024	Exp-009/2024-25	1,80,000.00
31-07-2024	Exp-012/2024-25	3,58,000.00
31-08-2024	Exp-014/2024-25	10,00,000.00
30-09-2024	Exp-018/2024-25	1,74,000.00
30-09-2024	Exp-019/2024-25	1,15,000.00
Total		29,04,000.00

2. REVIEW OF SALES

- Further, details of milestones for invoicing & basis and rationale for arriving at sales price was not available for our review.
- Hence, we are unable to assess the genuineness of revenue recognised during the period 1st April 2023 to 31st March 2024 & 1st April 2024 to 30th September 2024.

2. REVIEW OF SALES

E. Observation :

2. Synergy Information Technologies Inc.

I. Review of Ledger :

- On review of ledger of Synergy Information Technologies Inc, we noted that out of total sales of INR 632.03 Lakhs, sales amounting to INR 270.21 Lakhs i.e., around 42% of sales were booked during the period of March 2024 to September 2024.
- Further, we noted total receipts amounted to INR 51.50 Lakhs only i.e., 8% of total sales during the review period.

II. Public Domain searches :

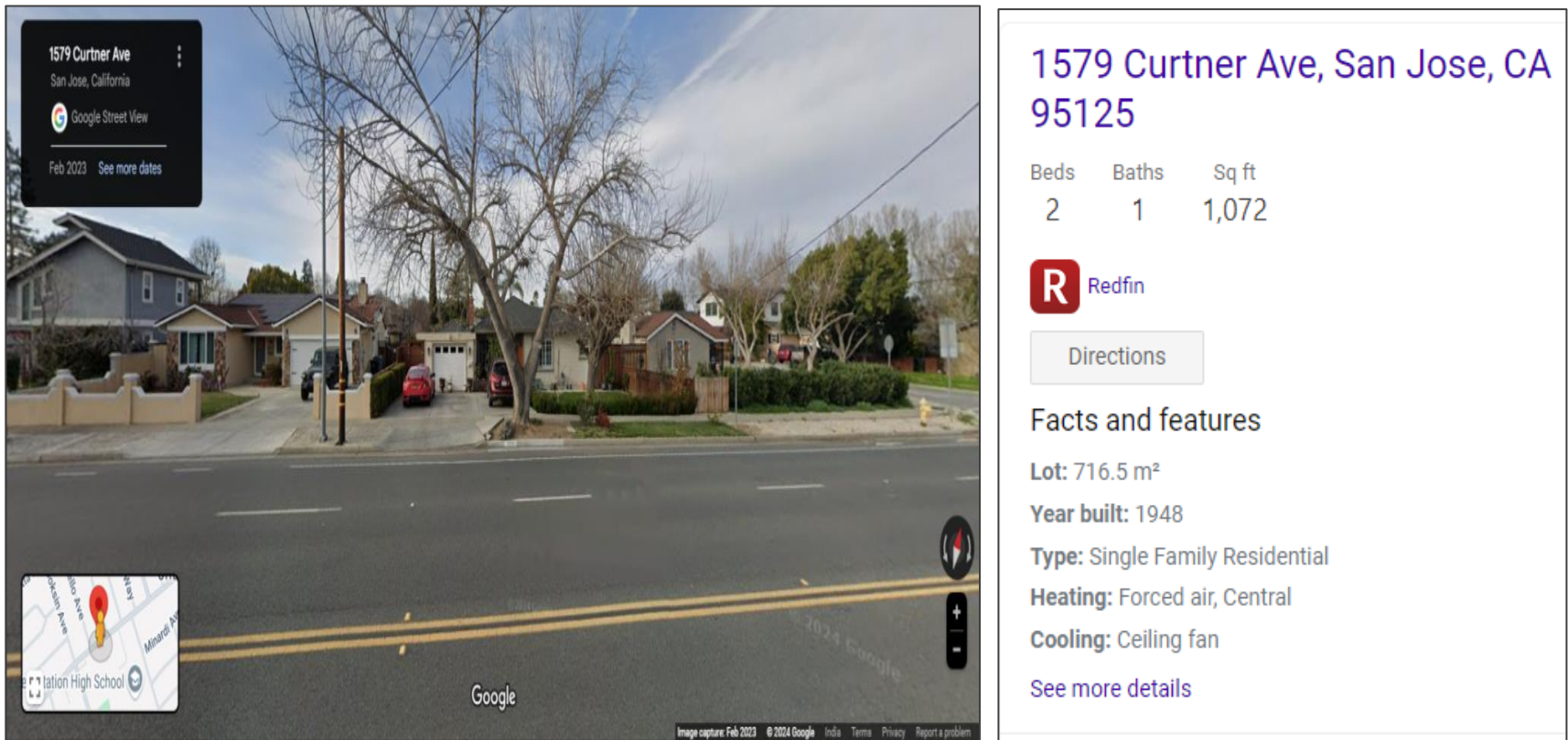
- We noted minimal presence of customer Synergy Information Technologies Inc on public domain searches. Further, on review of addresses mentioned on the contract / sales invoices / export documents / incorporation document we noted below :

Address per Invoice / Agreement / Export document / Incorporation Document	Remarks
1579 Curtner Avenue San Jose California 95125, USA (As per Invoice)	<ul style="list-style-type: none">• On public domain searches we could not locate Synergy Information Technologies Inc on the said address. Further the address is of a residential locality. (Please refer screenshot on subsequent slides)
39900 Blacow Road, Fremont CA 94857 (As per contract)	<ul style="list-style-type: none">• On public domain searches, we noted that the postal code “94857” does not exist• This indicates that the address mentioned on the contract is incorrect & no such address exist (Please refer screenshot on subsequent slides)
39900 Blacow road Fremont CA 64538 (As per website)	<ul style="list-style-type: none">• On public domain searches, we noted that the postal code “64538” does not exist• This indicates that the address mentioned on the contract is incorrect & no such address exist (Please refer screenshot on subsequent slides)

- This raises question on the existence / operations of Synergy Information Technologies Inc as well as genuineness of contracts / sales transactions entered into with Synergy Information Technologies Inc. and also on corresponding order book of INR 140.90 Lakh as considered in RHP.

2. REVIEW OF SALES

Screenprint of Address as per google maps - 1579 Curtner Avenue San Jose California 95125, USA



1579 Curtner Ave
San Jose, California
Google Street View
Feb 2023 See more dates

1579 Curtner Ave, San Jose, CA
95125

Beds	Baths	Sq ft
2	1	1,072

R Redfin

Directions

Facts and features

Lot: 716.5 m²

Year built: 1948

Type: Single Family Residential

Heating: Forced air, Central

Cooling: Ceiling fan

[See more details](#)

Image capture: Feb 2023 © 2024 Google India Terms Privacy Report a problem

2. REVIEW OF SALES

Screenprint of Address as per google maps - 39900 Blacow Road, Fremont CA 94857

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*indicates a required field

*ZIP Code™

94857

You did not enter a valid ZIP Code™.

Find

Feedback

2. REVIEW OF SALES

Screenprint of Address as per google maps - 39900 Blacow Road, Fremont CA 64538

English Locations Support Informed Delivery Register / Sign In

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Enter a ZIP Code™ to see the cities it covers.

*indicates a required field

*ZIP Code™

You did not enter a valid ZIP Code™.

Find

Feedback

2. REVIEW OF SALES

III. Company engaged in unrelated line of business :

- On conducting public domain searches, we noted that Synergy Information Technology INC is engaged in web & mobile development, web design & development, consulting, etc.
- This indicates that line of business of Synergy Information Technology INC is not in defence systems / software's.



IV. Review of Sales contract, invoices and supporting documentation :

a. Inadequate documentation for booking of sales :

- We had requested for sales invoice no. Exp-004/2023-24 dated 11th December 2023 along with supporting documents amounting to INR 166.40 lakhs. We received only invoices, however, supporting documents such as delivery challans, export documents, shipping bill, Softex forms, etc. we were not available for our review.
- Further, we were informed by the company that these software's were handed over by the company to authorised representatives of Synergy Information Technologies Inc in CD's. We were only provided with single pager internal delivery notes for the same. Name of authorised personnel to whom CD was handed over was also not mentioned on the said delivery note.
- Further, email communications with the customer for confirmation of delivery of goods was also not available for our review.

2. REVIEW OF SALES

b. Absence of billing milestones in contract :

- Contract between Synergy Information Technology INC and C2C Advance system Limited amounted to \$8,50,000 was executed on 1st July 2023 for delivery of 1 system.
- However, there was no mention of invoice milestones in the contract. For payments, it was mentioned in the contract that all payments shall be made on the basis of the invoices raised by C2C and shall be cleared within 30 days from the approval of system delivered.
- Kindly refer below table for deliverables & pricing

Particulars	Amount
System 1	USD 8,50,000

- On review of sales register, we noted total sales booked for \$6,80,239 i.e., INR 566.26 Lakhs. However, there were multiple invoice booking entries.
- Further, details of milestones for invoicing & basis and rationale for arriving at sales price was not available for our review.
- Hence, we are unable to assess the genuineness of revenue recognised during the period 1st April 2023 to 31st March 2024 & 1st April 2024 to 30th September 2024.
- Kindly refer table below for details of sales invoices booked

Invoice date	Voucher No	Amount (in USD)
11-12-2023	Exp-004/2023-24	2,00,086.34
17-01-2024	Exp-010/2023-24	78,153.18
29-02-2024	Exp-013/2023-24	78,000.00
25-04-2024	Exp-003/2024-25	48,000.00
25-05-2024	Exp-006/2024-25	1,32,000.00
06-06-2024	Exp-007/2024-25	1,44,000.00
Total		6,80,239.52

2. REVIEW OF SALES

E. Observation :

3. Synergy Log-in Systems Sdn Bhd :

I. Review of Ledger :

- On review of ledger of Synergy Log-in Systems Sdn Bhd, we noted that out of total sales of INR 1,290.60 Lakhs, sales amounting to INR 1,083.99 Lakhs i.e., nearly 84 % of sales were booked during the period of March 2024 to September 2024.
- Further, we noted total realization of INR 29.85 Lakhs only i.e., 2.31% of total sales during the review period.

II. Company engaged in unrelated line of business :

- On conducting public domain searches, we noted that Synergy Log-in Systems Sdn Bhd is engaged in web & mobile development, web design & development, consulting, etc.
- This indicates that line of business of Synergy Information Technology INC is not in defence systems / software's.

ABOUT US

We are leading global experts in qualified, professional and skilled recruitment. We Employ 700 Technologists globally.

Our Capabilities

Capability	Percentage
Java Technology	70%
Website Design	50%
Microsoft Technology	85%
SAP	90%

2. REVIEW OF SALES

III. Inadequate Documentations :

- We had requested for 2 sales invoices amounting to INR 709.98 Lakhs along with supporting documents. We received only invoices, however, supporting documents such as delivery challans, export documents, shipping bill, Softex forms, etc. we were not available for our review.
- Further, we were informed by the company that these software's were handed over by the company to authorised representatives of Synergy Log-in Systems Sdn Bhd in CD's. We were only provided with single pager internal delivery notes for the same. Name of authorised personnel to whom CD was handed over was also not mentioned on the said delivery note.
- Further, email communications with the customer for confirmation of delivery of goods was also not available for our review.
- We were also not provided with contract copies for below mentioned sales invoices booked during our review period. Hence, we are unable to ascertain whether the sales booked were actually accrued as per the invoicing milestone agreed as per the contract.

INR in Lakhs

Date	Particulars	Voucher Type	Voucher No.	Amount
08-03-2024	Synergy Log-in Systems Sdn Bhd	Sales Export	Exp-021/2023-24	342.63
10-06-2024	Synergy Log-in Systems Sdn Bhd	Sales Export	Exp-008/2024-25	367.36
Total				709.98

2. REVIEW OF SALES

E. Observation :

4. Realtime Techsolutions Private Ltd (RTTS)

I. Overview

- On perusal of financials of C2C Advance Systems Ltd (C2C), it was observed that Realtime Techsolutions Private Ltd (RTTS) was disclosed related entity (Subsidiary of C2C Innovations Private Ltd) during our review period.
- As per the disclosure in RHP, it was noted that RTTS was in the business of delivering sub-systems that were the integral part of systems built by third parties. Further, it was mentioned that C2C was using RTTS as vendor for the sub-systems.
- However, entire business of RTTS including the clients & staff of RTTS have now been transferred to C2C Advanced systems.
- Additionally, it was disclosed that RTTS has defaulted in payment of Employee Provident Fund dues amounting to INR 1.42 crores and has been declared as defaulter.

II. Expenses paid by C2C on behalf of RTTS :

- Summary of transactions entered with RTTS is produced below:

INR in Lakhs

Particulars	Opening as on 1 April 2021	Expense paid on behalf of RTTS	Salary paid on behalf of RTTS	Adjustments	Sales	Receipts	Payment	Balance transfer to loan account	Closing as on 30 September 2024
RTTS	(91.35)	71.58	90.26	(2.72)	888.27	(968.27)	145.56	133.32	-

- On review of ledgers of RTTS, we noted that multiple payments amounting to INR 307.40 Lakhs were made by C2C on behalf of RTTS. Out of these, payments amounting to INR 161.84 lakhs were in nature of salary payments and expenses of RTTS. For remaining payment of INR 145.56 lakhs, detailed working, justification, agreement and other supporting documentation for the same was not provided to us.
- Hence, we are unable to ascertain the rationale of such payments.
- Further, as explained to us & disclosed in the RHP, all the employees of RTTS were transferred to C2C.

2. REVIEW OF SALES

III. Absence of adequate documentation for sales made by C2C to RTTS :

- On review of supporting documents pertaining to sales made by C2C to Realtime, we noted that contract was entered into between Electronics & Radar Development Establishment - Defence Research & Development Organization & Realtime Techsolutions Pvt Ltd (LRDE).
- Further, as informed by C2C, this contract was executed by C2C on behalf of RTTS.
- We had requested for 2 sales invoices amounting to INR 823.37 Lakhs along with supporting documents. We received only invoices, for sales made by C2C to RTTS. However, supporting documents such as delivery challans, E-way bill, Lorry receipts etc. we were not available for our review.
- We were also not provided with contract between Realtime Tech Solutions Pvt Ltd and C2C Advance System Limited for such sales invoices booked during our review period.
- Hence, we are unable to ascertain whether the sales booked were actually made on behalf of RTTS for LRDE project.

2. REVIEW OF SALES

IV. Financial default of RTTS not disclosed in RHP :

- On review of financials of RTTS it was noted that RTTS had financial liability amounting to approx. INR 1,182 lakhs as on 31 March 2022.
- Since financials of RTTS were not available after the FY 2022-23, we could not corroborate the information pertaining to default from the financials.
- Further, as per the ICRA report dated 25 April 2024, we noted that RTTS had credit rating “D” for FY 2020-21 and thereafter RTTS was rated as “issuer not cooperating” for the financial obligation amounting to approx. INR 2,500 lakhs.
- However, such financial default of RTTS was not disclosed in RHP.

V. Funds received from private placements utilized for making payments to RTTS :

- On review of the books of C2C, we observed that C2C had conducted private placement in FY 23-24 wherein, C2C had allotted 2,44,102 & 14,06,250 equity shares to RCA Restructuring and Capital Advisors Private Ltd (RCA) & PVR Multimedia Private Ltd (PVR) amounting to INR 331.98 lakhs and INR 2,250 lakhs respectively
- Further, we noted that receipts amounting to INR 244 lakhs and INR 100 lakhs received from RCA and PVR respectively were utilized for making payments to RTTS on same day from IndusInd Bank.
- On public domain review, it was observed that Mr. Murtaza Ali (CFO of C2C) was past director of RCA. Hence, RCA is connected entity of C2C.
- Refer table below for more details:

INR in Lakhs

Date	Particulars	Receipt	Payment
18-10-2023 to 23-10-2023	RCA Restructuring and Capital Advisors Private Ltd	244.00	
18-10-2023 to 23-10-2023	Realtime Techsolutions Private Ltd		244.00
06-11-2023	PVR Multimedia Private Ltd	100.00	
06-11-2023	Realtime Techsolutions Private Ltd		100.00
Total		344.00	344.00

2. REVIEW OF SALES

E. Observation :

5. Tanjung Offshore Services SDN BHD

I. Review of Ledger :

- On review of ledger of Tanjung Offshore Services SDN BHD, we noted that total sales amounted to INR 1,007.51 Lakhs.
- Further, we noted that there was zero collection against the sales from the customer during the review period.

II. Company engaged in unrelated line of business :

- On review of contact between Tanjung Offshore Services SDN BHD & C2C Advance Systems Limited, we noted that defence related software's were provided by C2C Advance Systems Limited to Tanjung Offshore Services SDN BHD.
- On review of annual report of T7 Global Berhad for year 2023, we noted that Tanjung Offshore Services SDN BHD is subsidiary of T7 Global Berhad. We also noted that Tanjung Offshore Services SDN BHD is in Oil & Gas related business.
- This indicates that line of business of Tanjung Offshore Services SDN BHD is not in defence systems / software's.

Screenprint of Annual Report of T7 Global Berhad

Details of the Company's subsidiaries are as follows:-				
	Effective Interest		Principal Place of Business	Principal Activities
	2023	2022		
	%	%		
<i>Held by the Company:</i>				
Tanjung Offshore Services Sdn. Bhd.	100	100	Malaysia	Integrated service provider to the oil and gas and related industries.

2. REVIEW OF SALES

III. Review of Sales contract :

- We had requested for 1 sales invoice amounting to INR 499.99 Lakhs along with supporting documents. We were provided with invoices, air tickets, passports of employees travelled onsite at Tanjung Offshore Services SDN BHD.
- As informed by the company, total bill booking of INR 1,007.51 Lakhs during to review period is against reimbursement of travel expenses for employees of C2C Advance System Ltd onsite at Tanjung Offshore Services SDN BHD.
- However, on review of contract, we noted no such invoicing / payment milestone against which company had booked such invoices for travel reimbursements.
- Hence, basis and rationale for arriving at invoice value was not available for our review.

INR in Lakhs

Date	Particulars	Voucher Type	Voucher No.	Amount
08-12-2023	Tanjung Offshore Services SDN BHD	Sales Export	Exp-003/2023-24	499.99
Total				499.99

2. REVIEW OF SALES

MANAGEMENT RESPONSE

Kindly refer below for key management response received from Company :

OBSERVATION 2: REVIEW OF SALES

2.a.

- It is pointed out herein that total outstanding shares of Synergy Log In Systems SDH BHD are 12,15,219 (Twelve lac and fifteen thousand two hundred nineteen) and only 215,219 (Two lac Fifteen Thousand two hundred nineteen) shares out of the total outstanding shares are held by C2C Innovations PTE Ltd which is approximately 17% of the total capital and as such does not become a related party by any means whatsoever. The same is evident from the disclosure as well.
- Furthermore, it is also important to point out herein that the signatories of C2Ci Inc and Synergy Information Technology Inc are different i.e. they are Mr. S Prabakaran and Mr. Rahul Das Gupta, respectively.

2.b.

- It is clarified that Mr. Chandra does not hold any position in either of the companies as mentioned hereinabove.
- It is relevant to point out that Mr. S Prabakaran, before relocating to the United States of America (USA) has worked in the same field and was also on the board of a company wherein both, Mr. Murtaza and Mr. Prabakaran were directors, however the said relation has ceased to exist since 2018. It is also relevant to inform that it is only due to the old relations with Mr. Prabakaran that he has continued to outsource work from USA since the start of his venture abroad/overseas.

2.c.

- The name of C2C Innovations Pte Limited is stated as C2C Singapore Pte Limited on page no. 188 of RHP and as C2C Innovations Singapore Pte Limited on page 194.
- The aforesaid clerical error was purely unintentional and was not motivated to misrepresent any fact or figure. Furthermore, it is also pointed out that this error is a bonafide one, which was not deliberate, the same was never intended to cause any prejudice to anyone.

2. REVIEW OF SALES

MANAGEMENT RESPONSE

2.d.

- It is pertinent to note herein that C2C had inadvertently erred in filing the softex forms with the concerned authorities. It is also important to point out herein that the same was an error on part of C2C and the same was only brought to our notice recently. It is pertinent that immediately thereafter, C2C has duly taken all necessary and corrective measures as per applicable and relevant rules/laws and is in the process of rectifying /curing the same. It is yet again relevant to note that C2C will bear a nominal penalty towards the same, as mentioned herein aforesaid, which may be levied by RBI/concerned department as per applicable rules for the time being in force.

Partwise Observation

2.e.1 - C2Ci INC

- Billing milestones: It is important to point out herein that, no specific milestones mentioned in the contract as well as the nature of business is such that the same cannot be pre-determined, the same however is ascertained from time to time company, execution of the relevant contract on part of C2C herein.
- Regarding unrelated line of business: It is specifically pointed out herein that C2C does not and cannot have any control whatsoever over the actions and line of business/ operations of third parties /other entities. The same is evident and also relevant for the purposes of this reply and even otherwise. Further, in USA, there is no requirement/compliance e herein India for instance the object clause and as such companies in the USA can engage in whatever activities which they wish to or rather they want to engage in.
- Delay in Shipping of Goods: As evident from the documents produced before you, the goods had been dispatched for export on 30th September 2024 from the premises of the company but the custom authorities took substantial time for inspection and clearance of goods for export and therefore the goods were cleared from port on 8th November. However as per prevalent accounting practices, the revenue was booked at the time of movement of goods from the premises of the company.

2.e.2 - Synergy Information Technologies Inc

- Billing milestones: It is important to point out herein that, no specific milestones mentioned in the contract as well as the nature of business is such that the same cannot be pre-determined, the same however is ascertained from time to time during the course of execution of the relevant contract on part of C2C herein.

2. REVIEW OF SALES

MANAGEMENT RESPONSE

- Regarding unrelated line of business: It is specifically pointed out herein that C2C does not and cannot have any control whatsoever over the actions and line of business/ operations of third parties /other entities. The same is evident and also relevant for the purposes of this reply and even otherwise. Further, in USA, there is no requirement/compliance e herein India for instance the object clause and as such companies in the USA can engage in whatever activities which they wish to or rather they want to engage in.

2.e.3 - Synergy Log-in System SDN BHD

- It is specifically pointed out herein that C2C does not and cannot have any control whatsoever over the actions and line of business/ operations of third parties /other entities. The same is evident and also relevant for the purposes of this reply and even otherwise.

2.e.4 - Realtime Techsolutions Private Limited

- Since branch office of RTTS is within the range of 2 KM from the office premises of C2C, no e-way bill was required to be generated. Although, relevant documents of delivery to ultimate customer i.e. LRDE are available.
- Advance to RTTS was made in lieu of a separate contract which is still pending to be executed. This advance has nothing to do with the LRDE Project.

2.e.5 - Tanjung Offshore Services SDN BHD

- It is specifically pointed out herein that C2C does not and cannot have any control whatsoever over the actions and line of business/ operations of third parties /other entities. The same is evident and also relevant for the purposes of this reply and even otherwise.
- T7 is a public listed company having good connections with the Malaysian Government. They have provided us with contracts which have been duly executed and C2C is only executing those contracts, which even otherwise any company as a part of its business would do as per terms and conditions mentioned in the contracts.

Please refer page 5 to 12 of Annexure 1 for detailed Management response.

BDO COMMENTS ON MANAGEMENT RESPONSE

- We have noted the management response & wherever applicable necessary updates have been made in the observation section.

3. MAPPING OF PURCHASE & EMPLOYEE BENEFIT VIS A VIS SALES

A. Purchases vis a vis sales :

I. Overview of Purchase as compared to Sales :

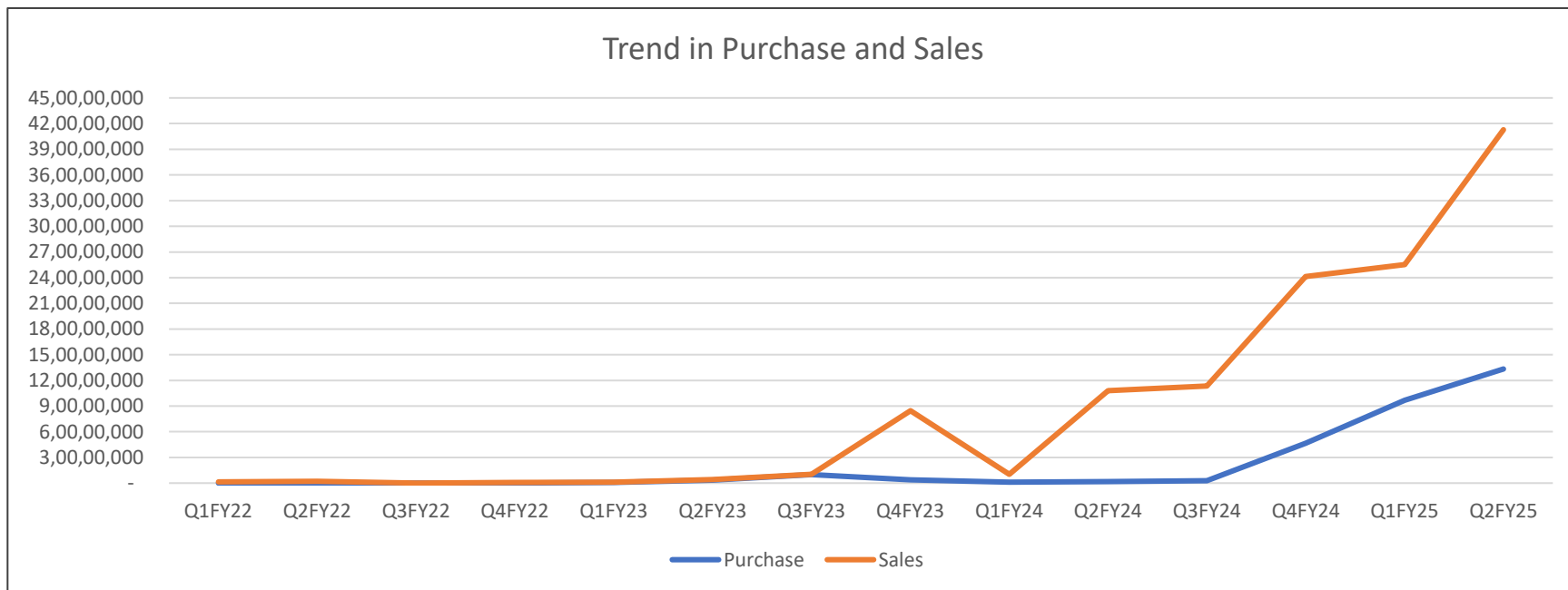
- During the review period 01st April 2021 to 30th September 2024, it was noted that total purchases amounted to INR 3,813.71 lakhs as per vendor ledger & total sales amounted to INR 9,448.31 lakhs as per customer ledger.
- On review of Customer and Vendor ledgers we noted that there was a substantial spike in purchases and sales post 15th March 2024.
- Further, on comparing the purchases and sales prior to 15th March 2024 & post 15th March 2024, we noted certain trends as highlighted in table below & graph in subsequent slide

INR in Lakhs

Particulars	Purchases (A)	Sales (B)	Purchase cost as compared to sales
1st April 2021 to 15th March 2024	443.36	4,346.81	10 %
15th March 2024 to 30th September 2024	2,403.89 *	5,101.50	47 %
Total	2,847.25	9,448.31	-

* Total Purchases for the period 15th March 2024 to 30th September 2024 amounted to INR 3,370.35 lakhs. However, we have excluded INR 966.46 Lakhs which forms a part of inventory and Project under development shown under the head Inventories as on 30th September 2024.

3. MAPPING OF PURCHASE & EMPLOYEE BENEFIT VIS A VIS SALES



II. Purchase as compared to sales

- As can be seen from the table & graph, purchase cost as compared to sales prior to 15th March 2024 was 10 %.
- Purchase cost (after removing the impact of closing stock as on 30th September 2024) as compared to sales post 15th March 2024 was 47%.
- Further, considering that most of the sales of C2C are pertaining to sale of software, the purchase cost as compared to sales post 15th March 2024 appears to be high
- Also, major purchases during the period 15th March 2024 to 30th March 2024 comprise of Hard Drives, Memory Cards, data cables, Pen Drives, etc. in very huge quantities.
- Further, purchase linked with sales agreements / contracts / orders / projects were not available for our review.

3. MAPPING OF PURCHASE & EMPLOYEE BENEFIT VIS A VIS SALES

B. Employee benefit expenses vis a vis sales :

I. Overview of Employee benefit expenses as compared to Sales :

- During the review period 01st April 2021 to 30th September 2024, it was noted that total employee benefit expenses amounted to INR 2,042.13 lakhs as against total sales amounting to INR 9,267.82 lakhs.
- Kindly refer below table for year wise employee benefit expenses as compared to sales

INR in Lakhs

Particulars	Year			
	31-Mar-22	31-Mar-23	31-Mar-24	30-Sep-24
Revenue From Operations	34.69	804.87	4,105.89	4,322.37
Employee benefits Expenses	210.27	308.73	931.16	591.97
Employee benefits Expenses as a % of Sales	606%	38%	23%	14%

II. Employee benefit expenses as compared to sales :

- As can be seen from the table above, employee benefit expenses as compared to sales for the period April 2023 to March 2024 is only 23% & for the period April 2024 to September 2024 is only 14%.
- Considering that C2C is involved in the business of software development, ideally the % of employee benefit expenses as compared to sales should be on a higher side as major expense in this industry is employee cost.
- Further, on comparing employee cost as compared to the total revenue from operations of other entities engaged in similar line of business, we noted that employee cost as compared to the total revenue from operations of such companies was around 50% to 65%.
- This indicates unusually low employee cost of C2C as compared to sales raising a question on genuineness of sales reported during the period April 2023 to March 2024 & April 2024 to September 2024.

3. MAPPING OF PURCHASE & EMPLOYEE BENEFIT VIS A VIS SALES

C. Review of Purchases & Inventory

Purchases

- Purchases amounting to INR 3,370.35 lakhs were made during the period post 15th March 2024 out of which closing inventory as on 30th September 2024 amounted to INR 966.46 lakhs. Balance purchases which should have been utilized during the period 15th March 2024 to 30th September 2024 amounted to INR 2,403.89 lakhs against which sales made during the same period amounted to INR 5,101.50 lakhs.
- Further, sample sales transactions for which company has stated that there was no outward movement of goods amounted to INR 3,169.97 lakhs.
- This indicates that purchases amounting to INR 2,403.89 lakhs were made for sales amounting to INR 1,931.53 lakhs.
- Out of the balance sales amounting to INR 1,931.53 lakhs, even if we consider 10% as purchase cost, purchases should ideally have been made only of INR 193.15 lakhs.
- Hence, there is no evidence of outward movement of goods during sales made to customers for balance purchases amounting to INR 2,210.74 lakhs.
- This raises a question on the genuineness of such purchases & sales transactions reported during the period 15th March 2024 to 30th September 2024.

INR in Lakhs

Particulars	Purchases	Sales
Total Purchases & sales during the period post 15 th March 2024	3,370.35	5,101.50
Closing stock as on 30 th September 2024	966.46	NA
Total Purchases & sales during the period post 15 th March 2024 excluding closing stock	2,403.89	5,101.50
Sample sales transactions for which there was no outward movement of goods	NA	3,169.97
Balance purchase & sales transactions	2,403.89	1,931.53

3. MAPPING OF PURCHASE & EMPLOYEE BENEFIT VIS A VIS SALES

Inventories

I. Overview of closing inventory as on 30th September 2024 :

- We had requested for inventory records, however, we noted that no such records were maintained in Tally system. We were provided with physical copy of details of inventory in hand as on 30th September 2024 amounting to INR 966.46 Lakhs.
- Please refer below detailed break-up of inventory as provided by the company :

Screenprint of Stock in Hand as on 30th September 2024 (Raw Material)

Stock in hand as on 30.09.2024									
Raw-Materials					Purchases				
Sl. No.	Supplier	Inv. No.	Date	Particulars	Matl. Category	Qty. Nos.	Rate Unit	Basic Value Rs.	Basic Total Value Rs.
1	KSYH IMPEX	203	26-Sep-24	Goods	DOMESTIC	11900		10,49,700	MEMORY CARD 16GB 7,400 78 5,77,200
									MEMORY CARD 32GB 4,500 105 4,72,500
2	Elco Systems Business Solutions Pvt. Ltd.	37/2024-25	27-Sep-24	Goods	DOMESTIC	3		38,50,000	80GB GRAPHIC CARD 1 21,25,000 21,25,000
									10KVA ONLINE 200 AH UPS 1 3,65,000 3,65,000
									A100 80GB TENSOR CORE 1 13,60,000 13,60,000
3	Elco Systems Business Solutions Pvt. Ltd.	39/2024-25	28-Sep-24	Goods	DOMESTIC	3		28,55,000	80GB GRAPHIC CARD 1 21,25,000 21,25,000
									10KVA ONLINE 200AH UPS 2 3,65,000 7,30,000
4	Elco Systems Business Solutions Pvt. Ltd.	40/2024-25	28-Sep-24	Goods	DOMESTIC	10		29,16,000	A100 80GB TENSOR CORE 2 13,60,000 27,20,000
									OC 12GB, GDDR6 8 24,500 1,96,000
5	Elco Systems Business Solutions Pvt. Ltd.	43/2024-25	29-Sep-24	Goods	DOMESTIC	1	21,25,000	21,25,000	80GB GRAPHIC CARD 1 21,25,000 21,25,000
6	Elco Systems Business Solutions Pvt. Ltd.	44/2024-25	29-Sep-24	Goods	DOMESTIC	1	21,25,000	21,25,000	80GB GRAPHIC CARD 1 21,25,000 21,25,000
7	KSYH IMPEX	214	30-Sep-24	Goods	DOMESTIC	300	4,850	14,55,000	HARD DRIVE 2TB 300 4,850 14,55,000
8	KSYH IMPEX	213	30-Sep-24	Goods	DOMESTIC	350	3,850	13,47,500	HARD DRIVE 1TB 350 3,850 13,47,500
9	KSYH IMPEX	215	30-Sep-24	Goods	DOMESTIC	130	4,850	6,30,500	HARD DRIVE 2TB 130 4,850 6,30,500
Raw-Materials Total								1,83,53,700	1,83,53,700

3. MAPPING OF PURCHASE & EMPLOYEE BENEFIT VIS A VIS SALES

Screenprint of Stock in Hand as on 30th September 2024 (Work in Progress)

Details of Project Under Development as on 30th September 2024

Row Labels	Sum of Qty	Sum of Unit Value	Sum of Total Value
Adani Defence & Aero Space	12	5,77,950	23,11,800
Laptop	4	79,450	3,17,800
Rugged Laptop	4	4,38,000	17,52,000
System - Assembled System	4	60,500	2,42,000
Bharat Earth Movers Limited (BEML)	91	4,850	4,41,350
Hard Drive 2TB	91	4,850	4,41,350
C2C Inc	14475	82,69,819	3,43,43,460
10 KVA Online 200 AH UPS	8	12,64,000	26,26,000
64GB Pendrive (Flash Drive)	4500	208	9,36,000
80GB Graphic Card	8	42,50,000	1,70,00,000
A100 80GB Tensor Core	7	27,00,000	94,50,000
Hard Drive 1TB	300	3,850	11,55,000
Hard Drive 2TB	490	9,700	23,76,500
Keyboard Wireless	200	1,380	2,76,000
Memory Card 64Gb	1255	160	2,00,800
Memory cards 16GB(Set)	7700	21	1,60,160
OC 12GB, GDDR6	6	24,500	1,47,000
RTX 3050, 8GB	1	16,000	16,000
DMFC Console	88	95,750	6,47,300
Backlite Keyboard	4	29,800	1,19,200
Cables	10	7,500	75,000
Connectors	40	4,800	1,92,000
EMI Filter	10	1,750	17,500
Indicator	10	2,000	20,000
Toggle Switch	10	4,000	40,000
Trackball	4	45,900	1,83,600
Larsen & Toubro Ltd	22	13,60,875	27,77,950
150 WIRELESS USB (LAN CARD)	1	2,200	2,200
A100 80GB Tensor Core	2	13,50,000	27,00,000
Hard Drive 1TB	16	3,825	61,200
Hard Drive 2TB	5	4,850	14,550
LRDE Project	5	28,65,585	1,43,27,923
40G CISCO Switch	5	28,65,585	1,43,27,923

3. MAPPING OF PURCHASE & EMPLOYEE BENEFIT VIS A VIS SALES

Screenprint of Stock in Hand as on 30th September 2024 (Work in Progress)

Software development project (OSI)	26772	21,616	62,27,150
Hard Drive 1TB	516	11,550	19,86,600
Hard Drive 2TB	406	9,700	19,69,100
Memory Card 16GB	16400	156	12,79,200
Memory Card 32GB	9450	210	9,92,250
Synergy Information Technology	165415	23,429	1,38,85,995
128GB Pendrive (Flash Drive)	5500	590	16,30,000
64GB Pendrive (Flash Drive)	2000	205	4,10,000
Hard Drive 1TB	684	7,675	26,26,300
Hard Drive 2TB	800	14,530	38,76,000
Memory Card 64Gb	732	160	1,17,120
Memory Card 8GB (Set)	133699	86	32,40,575
Memory Cards	10000	105	10,50,000
Memory Cards 16GB	12000	78	9,36,000
Vignan Technologies	22	9,96,253	32,16,839
ATM Card	14	80,272	11,23,808
Connectors & Gasket		6,99,331	6,99,331
Motherboard with processor	8	1,68,150	13,45,200
Wiring Items		48,500	48,500
Vijay Marie Hospital	6	87,092	1,12,092
Boom Barrier	1	39,000	39,000
Encloer	1	2,499	2,499
Hand Held Device	2	25,000	50,000
Raspberry, PS, SD Card, Battery Heat Sink	1	14,193	14,193
Screw, Nut, Washer, Bolts, Base sheet, Indicator, Wire, Burg Pin Wifi Router	1	6,400	6,400
Grand Total	206908	1,43,03,218	7,82,91,859

3. MAPPING OF PURCHASE & EMPLOYEE BENEFIT VIS A VIS SALES

II. Review of inventory as on 30th September 2024 :

- As informed by the company, the contracts of C2Ci INC and Synergy Information Technology were pertaining to software delivery. We were informed by the company that these software's were handed over by the company to authorised representatives of C2Ci INC and Synergy Information Technology in CD's.
- Hence, we are unable to assess the need for inventory reflected in WIP against C2Ci INC and Synergy Information Technology amounting to INR 343.43 Lakhs and INR 138.86 Lakhs respectively since there is no actual delivery of goods for these contracts.
- Further, as informed by the company, LRDE Project was executed by C2C Advance System Ltd on behalf of RTTS. We noted that entire sales were booked upto March 2024 against the said project. However, we noted inventory reflected in WIP against LRDE Project amounting to INR 143.28 Lakhs as on 30th September 2024 even though the sales have already been completed and there were no pending deliveries as on 30th September 2024.
- Additionally, we noted inventory reflected in WIP against OSI Maritime. However, on review of contract & ledger, we noted that C2C Advance Systems Ltd provides outsourcing services for which monthly billing is done by C2C Advance Systems Ltd to OSI Maritime basis costing of employees who have worked on the said project. Hence, we are unable to understand the need for inventory reflected in WIP since there is no actual delivery of goods for these bills.
- Also, employees cost who have worked on the specific projects are not considered while arriving at inventory valuation.
- This raises a question on outstanding Inventory disclosed in financials & RHP as on 30th September 2024.

3. MAPPING OF PURCHASE & EMPLOYEE BENEFIT VIS A VIS SALES

MANAGEMENT RESPONSE

Kindly refer below for key management response received from Company :

- It is pointed out herein that in our industry, some contracts purely are material oriented while others can be service oriented. In other words, some contracts are for the purposes of goods and other may be for the purposes of services.
- Furthermore, during the initial phases of development or customization of software, the relevant material is consumed more in terms of hard disk, graphic cards, etc.. and as such in view of the above, the comparison made in terms of proportion of material cost or employee cost against sales is not feasible in current scenario. The same would serve no purpose and is not at all feasible for the purposes of the company.
- As has been explained during course of the audit that while providing service, we need to capture videos, images and furthermore store them in hardware/drives, given the service which is being provided in very niche, the images and videos are high resolutions which are then stored in heavy hardware/drives for the purposes of data collection in order to study and subsequently provide service. Therefore, hardware consumed during the service is also treated as cost of service and as such also becomes part of inventory too.
- However, the aforesaid throws much light on the said fact/issue, inventory is out of scope of the audit and as such is not relevant/necessary to give a detailed reply than the one already given hereinabove.

Please refer page 12 to 13 of Annexure 1 for detailed Management response.

BDO COMMENTS ON MANAGEMENT RESPONSE

- We have noted the management response & there are no changes in the observation.

4. REVIEW OF VENDORS

A. Overview :

- On review of vendor ledgers, we noted that total purchases amounted to INR 3,813.20 Lakhs during the review period.
- We further noted that purchase from 4 parties amounted to INR 3,255.13 lakhs.
- Summary of key vendors during our review period are produced below:

INR in Lakhs

Particulars	Opening as on 1 April 2021	Asset Purchase	Purchases	Adjustments	Payment	Closing as on 30 September 2024
KYSH IMPEX	-	-	(1,052.02)	-	1,011.55	(40.48)
Ever Rich Traders	-	(153.95)	(910.66)	(0.53)	1065.14	-
Shri Krishna Enterprises	-	(50.60)	(732.41)	(0.24)	784.75	-
Elco Systems Business Solutions Private Ltd	-	-	(560.04)	-	509.94	(50.11)
Total	-	(204.55)	(3,255.13)	(0.77)	3,371.38	(90.59)

4. REVIEW OF VENDORS

B. Public Domain searches & document review :

- On conducting public domain searches on the above-mentioned entities & document review, we noted below :
 - ✓ 3 out of 4 vendors were proprietorship firms
 - ✓ 3 out of 4 vendors had minimal presence on public domain
 - ✓ 1 out of 4 vendors was not in relevant line of business
 - ✓ No signature & stamp on invoices of 3 out of 4 vendors
 - ✓ 1 out of 4 vendors was having NIL revenue from FY 2018-19 to FY 2022-23 & financials for FY 2023-24 were not filed
 - ✓ Address of top 2 vendors were in same area & surname of both these proprietors are also same
 - ✓ Address of 1 vendor as per GST website was similar to address of another vendor as per invoice
 - ✓ 1 out of 3 vendors was not traceable during physical verification

- Kindly refer below table for further details:

Particulars	Type of Vendor	Public domain Presence	Relevant Line of business	Signature & stamp on invoices	Existence found during physical verification	Note Reference
KYSH Impex	Proprietorship	Minimal	Yes	No	Yes	iii, iv
Ever Rich Traders	Proprietorship	Minimal	No	No	Yes	i, iii, iv
Shri Krishna Enterprises	Proprietorship	Minimal	Yes	No	No	v
Elco Systems Business Solutions Private Ltd	Private Limited	Yes	Yes	Yes	NA	ii

- This raises question on the existence / operations of such vendors as well as genuineness of purchase transactions entered into with such vendors.

4. REVIEW OF VENDORS

Notes :

- i. On conducting public domain search of Ever Rich Traders, we noted that line of business of the company is Copper scrap, electric heaters, hair appliances, propylene polymers, plastic waste, and kitchen stoves. This indicates that line of business of Ever Rich Traders is not related to line of business of C2C.
- ii. On conducting public domain search of Elco Systems Business Solutions Private Ltd, we noted that financials of the company was not filed for FY 2023-24. Further, on review of financials of Elco Systems Business Solutions Private Ltd for FY 2018-19 to FY 2022-23, we noted that revenue of the company for all the years was NIL.
- iii. On conducting public domain search of Ever Rich Traders & KYSH Impex, we noted that address of both the companies as per GST website were in same area. Address of Ever Rich Traders is GROUND, 323, Unnamed Road, Bobby General Store, Bhalswa Jahangir Delhi, 110033 & address of KYSH Impex is Area 150 SQ. YDS, Khasra No 1101, Unnamed Road, Bobby General Store, Bhalswa Jahangir, Delhi, 110033. Further name of promoter of Ever Rich Traders is Harsh Basawatia & name of promoter of KYSH Impex is Yash Basawatia indicating that both the vendors may be potentially connected.
- iv. We noted that address of Ever Rich Traders as per invoice (Khasra Number 1101, Village Bhalswa, Delhi - 110033) was similar to address of KSYH IMPEX as per GST website (AREA 150 SQ. YDS, KHASRA NO 1101, Unnamed Road, Bobby General Store, Bhalswa Jahangir, New Delhi, North Delhi, Delhi, 110033).
- v. We conducted physical verification for 3 vendors i.e. Ever Rich Traders, KYSH Impex & Shri Krishna Enterprises at the address as appearing on GST website & as per invoices. We were unable to locate Shri Krishna Enterprises on both the addresses i.e. as per GST website (594/38, GALI NO 38, New Delhi, North West Delhi, Delhi, 110035) & as per invoice (C-8/118 Keshav Puram Delhi - 110035). We further inquired about the company in nearby locality, however, no one was aware of any such company.

C. Payments made to vendors despite minimal collections from customers :

- On review of customer ledgers, we noted that total sales amounted to INR 9,448.31 Lakhs during the review period out of which collections during the review period amounted to INR 2,241.19 lakhs (24%).
- On review of vendor ledgers, we noted that total purchases amounted to INR 3,813.20 Lakhs during the review period against which majority (almost 100%) of the payments have been made as on September 30, 2024.
- This indicates that despite minimal collections from customers, majority of the payments have been made to vendors. Further, in certain instances, advance payments have also been made to vendors.

4. REVIEW OF VENDORS

Screenprint of line of business of Ever Rich Traders as per GST

Dealing In Goods and Services

Goods		Services	
HSN	Description	HSN	Description
7404	COPPER WASTE AND SCRAP		
8516	ELECTRIC INSTANTANEOUS OR STORAGE WATER HEATERS AND IMMERSION HEATERS, ELECTRIC SPACE HEATING APPARATUS AND SOIL HEATING APPARATUS, ELECTROTHERMIC HAIR-DRESSING APPARATUS (FOR EXAMPLE, HAIR DRYERS, HAIR CURLERS, CURLING TONG HEATERS) AND HAND DRYERS, ELECTRIC SMOOTHING IRONS, OTHER ELECTRO-THERMIC APPLIANCES OF A KIND USED FOR DOMESTIC PURPOSES, ELECTRIC HEATING RESISTORS, OTHER THAN THOSE OF HEADING 8544		
3902	POLYMERS OF PROPYLENE OR OF OTHER OLEFINS, IN PRIMARY FORMS		
3915	WASTE, PARINGS AND SCRAP, OF PLASTICS		
73211110	COOKERS AND KITCHEN STOVES		

HSN: Harmonized System of Nomenclature of Goods and Services

[SHOW FILING TABLE](#) [SHOW RETURN FILING FREQUENCY](#)

4. REVIEW OF VENDORS

Screenprint of revenue for past 4 years of Elco Systems Business Solutions Private Ltd

Particulars	₹ 2018-2019	₹ 2019-2020	₹ 2020-2021	₹ 2021-2022	₹ 2022-2023
Revenue from Operations	0	0	0	0	0
EBITDA	-15,354	-38,113	-6,500	-6,579	-7,530
PAT	-15,354	-38,113	-6,500	-6,579	-7,530
Networth	-8,333,452	28,435	21,935	15,356	7,826
Long-term Borrowings	8,650,000	0	0	0	0

4. REVIEW OF VENDORS

Screenprint of name of owner and principal place of business - Ever Rich Traders.

Search Result based on GSTIN/UIN : 07CDZPB0485J1Z3

Legal Name of Business	Trade Name	Effective Date of registration
HARSH BASAWATIA	EVER RICH TRADERS	01/07/2017
Constitution of Business	GSTIN / UIN Status	Taxpayer Type
Proprietorship	Active	Regular
Administrative Office	Other Office	Principal Place of Business
(JURISDICTION - STATE) State - Delhi Zone - Zone 6 Ward - Ward 63	(JURISDICTION - CENTER) State - CBIC Zone - DELHI Commissionerate - DELHI WEST Division - ROHINI Range - RANGE - 110	GROUND, 323, Unnamed Road, Bobby General Store, Bhalswa Jahangir, New Delhi, North Delhi, Delhi, 110033

Screenprint of name of owner and principal place of business - KSYH Impex

Search Result based on GSTIN/UIN : 07CDWPB7249B2ZE

Legal Name of Business	Trade Name	Effective Date of registration
YASH BASAWATIA	KSYH IMPEX	22/02/2020
Constitution of Business	GSTIN / UIN Status	Taxpayer Type
Proprietorship	Active	Regular
Administrative Office	Other Office	Principal Place of Business
(JURISDICTION - CENTER) State - CBIC Zone - DELHI Commissionerate - DELHI WEST Division - ROHINI Range - RANGE - 107	(JURISDICTION - STATE) State - Delhi Zone - Zone 12 Ward - Ward 107(Special Zone)	AREA 150 SQ. YDS, KHASRA NO 1101, Unnamed Road, Bobby General Store, Bhalswa Jahangir, New Delhi, North Delhi, Delhi, 110033

4. REVIEW OF VENDORS

D. Trends in purchase transactions with select vendors:

- On review of books of C2C, we observed that there was spike in purchase with select vendors for the month of March 2024 & September 2024.
- This indicates that majority of purchases were booked during period end i.e., March 2024 & September 2024.
- Refer table below for month-on-month summary of purchases of such select vendors:

INR in Lakhs

Particulars	Total Purchases Before March 2024	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Total purchases
Ever Rich Traders	-	449.41	-	70.84	149.40	49.24	191.24	-	910.66
Shri Krishna Enterprises	-	318.37	153.08	260.97	-	-	-	-	732.41
Elco Systems Business Solutions Private Ltd	-	-	-	-	-	50.70	185.78	323.57	560.04

4. REVIEW OF VENDORS

MANAGEMENT RESPONSE

Kindly refer below for key management response received from Company :

- As explained during your discussion with management, most of the products we use are proprietary, quality sensitive and use sensitive. We cannot deal with everyone in respect of these products and hence the number of our vendors are limited with relevant expertise. In fact, whenever the Orders were placed with them, they had delivered us on time as well as at a competitive price.

Please refer page 13 of Annexure 1 for detailed Management response.

BDO COMMENTS ON MANAGEMENT RESPONSE

- We have noted the management response & there are no changes in the observation.

5. REVIEW OF ADVANCES TO VENDORS / SUPPLIERS

A. Overview :

- We noted that total advances to suppliers / vendors outstanding as on 30th September 2024 amounted to INR 746.53 Lakhs.
- On review of advances amounting to INR 547.93 Lakhs on test check basis, we noted certain discrepancies which are highlighted in observations mentioned below.
- Please find below party-wise bifurcation for advances to select key vendors.

INR in Lakhs

Sr No	Name of Party	Classification	Opening balance as on 01-04-2021	Transactions during the review period				Closing balance as on 30-09-2024
				Payments	Receipts	Bill booking	Adjustment Entries	
1	Pythian Technologies Private Limited	Advance to Vendor	50.97	-	-	-	-	50.97
2	Accord Software and Systems Private Limited	Advance to Supplier	-	55.53	-	-	-	55.53
3	Arihant Info Solutions	Advance to Supplier	-	56.20	-	(3.32)	-	52.88
4	Kunal International FZ-LLC	Advance to Supplier	-	324.97	-	-	(4.50)	320.47
5	Airworth Travel & Tours Private Limited	Advance to Supplier	-	79.71	(4.50)	0.00	(7.13)	68.08
Total			50.97	516.41	(4.5)	(3.32)	(11.63)	547.93

B. Observation :

1. Pythian Technologies Private Limited :

- We noted that advance was given to Pythian for development of software, however, such advance is outstanding for more than 3 years.
- Further, as explained by the company the software is getting technically rejected due to which there is no invoice booking against such advances. However, supporting documents, email communications, follow up, etc. with Pythian Technologies were not available for our review (except for 1 email trail which was pertaining prior to the review period).
- This raises a question on the genuineness and recoverability of such advance given to vendor.

5. REVIEW OF ADVANCES TO VENDORS / SUPPLIERS

2. Kunal International FZ-LLC

a. Absence of supporting documents for advances

- On review of ledger of Kunal International FZ-LLC, we noted total payments of INR 324.97 lakhs against establishing experience center at Dubai, however, there were no bill booking against such vendor payments.
- Also, on review of payment milestones as per the contract, company had made entire payment to the vendor indicating that all the work allotted to Kunal International FZ-LLC had been completed like Feasibility study, procurement of equipment, installation & commissioning, etc.
- However, supporting documents such as tax invoices, feasibility study report, technical certification by C2C for commissioning or any other supporting documentations were not available for our review.

b. Vendor in unrelated line of business

- On public domain searches we noted that Kunal International FZ-LLC is involved in business of wholesale, grocery, drugs and related business.
- This indicates that Kunal International FZ-LLC is not in similar line of business as per the work allotted to them.
- This raises a question on the genuineness and recoverability of such advance given to vendor.

5. REVIEW OF ADVANCES TO VENDORS / SUPPLIERS

Extract of Milestone payment stages as per contract between Kunal International FZ-LLC and C2C.

Mile Stone Payment Stages.

1. After Signing the agreement Advance payment of USD 40,000.00
2. Finalization of the Feasibility Study Advance payment of USD 60,000.00
3. Advance for hiring the Facility USD 30,000.00
4. Advance for Procurement of equipment's as listed in Annexure – I USD 100,000.00
5. After completion of erection and installation of equipment's USD 50,000.00
6. After successful completion of installation and commissioning of experience center to the fullest satisfaction of C2C AS, the balance amount of USD 70,3672.47 Payment will be made.



Page 3 of 8

5. REVIEW OF ADVANCES TO VENDORS / SUPPLIERS

3. Arihant Info Solutions

- On review of ledger of Arihant Info Solutions, we noted that advance payments of INR 56.20 Lakhs was given to vendor against which bill booking amounted to INR 3.32 Lakhs only during the review period.
- Further, we were provided with single pager invoices amounting to INR 52.87 which were billed to Realtime Techsolutions Private Limited. However, supporting documents such as delivery challans, LR copies, E-way bills, etc. were not provided for review.
- This indicates that payments were made to Arihant Info Solutions by the company on behalf of Realtime Techsolutions Private Limited.
- This raises a question on the genuineness and recoverability of such advance given to vendor.

4. Accord Software & System Pvt Ltd

- On review of ledger of Accord Software & System Private Limited, we noted that advance payments were made of INR 55.53 Lakhs to vendor & no invoices were booked during the review period against the same.
- Further, we were provided with single pager invoices amounting to INR 55.53 which was billed to Realtime Techsolutions Private Limited. However, supporting documents such as delivery challans, LR copies, E-way bills, etc. were not provided for review.
- This indicates that payments were made to Accord Software & System Private Limited by the company on behalf of Realtime Techsolutions Private Limited.
- This raises a question on the genuineness and recoverability of such advance given to vendor.

5. Air worth Travel & Tours Private Limited

- On review of ledger of Airworth Travel & Tours Private Limited, we noted that advance payments of INR 68.08 Lakhs was made during the review period & no invoices were booked against the same.
- We were provided with invoice for air travel & hotel bookings for various directors, employees, etc., however, the same were not booked in books of accounts.

5. REVIEW OF ADVANCES TO VENDORS / SUPPLIERS

MANAGEMENT RESPONSE

Kindly refer below for key management response received from Company :

5.B.1

It is pointed out herein that the documents as well as the e-mail trail with Pythian was already provided for your review. The same has been duly acknowledged by your good self as well and as such is not relevant to give a detailed reply to the interim findings.

5.B.2

Although the amount paid to Kunal International FZ-LLC was towards setting up the Experience Centre, Dubai. However, in the RHP there was just a disclosure about setting up of experience Centre in Dubai, but no amount was raised towards this set up from IPO Proceeds and hence nowhere in the RHP it is stated that the net IPO proceeds will be utilized for Dubai Experience Centre.

5.B.3&4

It is pointed out herein that issues pertaining to Arihant Info Solutions and Accord Software have been totally explained in detail during the course of audit, again, the same is acknowledged by your good self. It is relevant to point out herein that we are coordinating with the vendor in order to get the invoices duly rectified and we are committed to rectify the same as early as possible and will resolve this issue soon.

5.B.5

The relevant invoices and other documents have been produced before you during course of audit and due to delay in receipt of those documents, same could not be expensed off till 30th September 2024.

Further, loans and advances to unrelated parties are out of the scope of the audit.

Please refer page 14 to 15 of Annexure 1 for detailed Management response.

BDO COMMENTS ON MANAGEMENT RESPONSE

➤ We have noted the management response & wherever applicable necessary updates have been made in the observation section.

6. REVIEW OF CONSULTANCY FEES INCURRED BY C2C

A. Overview :

- On review of financials of C2C for FY 22-23 and FY 23-24, it was observed that C2C had issued 50,19,274 equity shares through private placement.
- Summary of the same is produced below: INR in Lakhs

FY	Number of shares	Amount
2022-23	9,99,000	99.99
2023-24	40,20,274	5,785.55
Total	50,19,274	5,885.54

B. Consultancy fees paid :

- On review of books of C2C, we noted that in FY 23-24, C2C has booked expenses against consultancy fees in the month of January & February 2024 amounting to INR 625 lakhs wherein the said consultancy fees were paid to 52 consultants. These expenses were booked against ledgers of consultancy fees & professional charges. We were informed by the company that the said consultancy fees were paid for facilitation of private placements.
- On detailed review of books of accounts, we noted that C2C had issued equity shares to the multiple individuals / companies.
- Kindly refer table on next slide for details :

6. REVIEW OF CONSULTANCY FEES INCURRED BY C2C

Name	Related / Connected to C2C	Equity shares	Amount (In lakhs)	%
PVR Multimedia Private Ltd	Yes	14,06,250	2,250	38%
C2C Innovation	Yes	5,49,900	54.99	1%
LSS Narendra	Yes	3,40,000	34	1%
K Ramesh	Yes	1,10,000	11	0%
RCA Restructuring	Yes *	2,44,102	331.98	6%
Maya Chandra	Yes	26,563	42.50	1%
Laxmi Chandra	Yes	6,250	10	0%
Sub-total		26,83,065	2,734.47	46%
Multiple Individual Investors/Companies		23,36,209	3,151.07	54%
Grand Total		50,19,274	5,885.54	100%

- From the above table, it can be observed that INR 3,151.07 lakhs (54% of total private placements) were invested by multiple individual investors & companies.
- This indicates that consultancy fees paid by C2C amounting to INR 625 lakhs was against private placements by multiple individual investors & companies amounting to INR 3,151.07 lakhs which is around 20%. Hence, such consultancy fees paid by C2C appears to be on a higher side.
- Hence, such consultancy fees paid by C2C appears unusually high.
- We had also requested for supporting documentation for select 7 cases amounting to INR 125 lakhs for which C2C had provided only single pager invoices, and no other supporting documentation were available for our review.

* On public domain review, it was observed that Mr. Murtaza Ali (CFO of C2C) was past director of RCA. Hence, RCA is connected entity of C2C.

6. REVIEW OF CONSULTANCY FEES INCURRED BY C2C

C. Equity shares issued to individuals / parties related to such individuals to whom consultancy fees were paid:

- On review of books of accounts of C2C, we noted that C2C has issued equity shares in a private placement to multiple individuals & companies during FY 2023-24 & during the same period, we noted that C2C has paid consultancy fees.
- As informed by the company, such fees were paid for facilitation of private placement.
- Kindly refer below table for further details

Surnames	Count of ledgers of different individuals having same surname	Amount of Consultancy/professional fees (INR In Lakhs)
Ratra	7	125.00
Kumar	6	45.00
Kandari	4	48.50
Agarwal	4	42.00
Ahuja	4	34.00
Negi	3	40.00
Rawal	3	37.00
Anand	3	30.00
Bansal	3	15.00
Bisht	2	29.50
Others	Multiple	178.75

6. REVIEW OF CONSULTANCY FEES INCURRED BY C2C

- We further noted instances wherein C2C has issued equity shares to individuals / parties related to such individuals to whom consultancy fees was paid.
- Refer below for select such instances :

Instance 1 - Shares issued to Atul Singh Kandari:

- We noted that C2C has booked consultancy fees amounting to INR 48.50 lakhs against 4 individuals having same surname in January 2024 and during the same period C2C has issued 62,500 equity shares to Atul Singh Kandari for INR 100 lakhs.
- However, in absence of adequate details such as PAN number, Address etc., we were unable to establish whether such individuals are connected to each other.
- Refer below table for details:

Particulars	Date	Consultancy Fees (INR in Lakhs)	Share issue Date	Shares Issued (In number)	Amount (INR in Lakhs)
Bhavna Kandari	17-01-2024	11.50			
Atul Singh Kandari	18-01-2024	16.00	20-01-2024	62,500	100.00
Mohan Singh Kandari	18-01-2024	14.00			
Mohan Singh Kandari (HUF)	18-01-2024	7.00			
Total		48.50	-	-	100.00

Instance 2 - Shares issued to V2K Hospitality Private Ltd:

- We noted that C2C has booked consultancy fees amounting to INR 5 lakhs against Manan Chopra (HUF) in January 2024 and during the same period C2C has issued 3,58,041 equity shares to V2K Hospitality Private Ltd for INR 486.94 lakhs.
- On public domain searches, we noted that Mr. Manan Chopra is current director of V2K Hospitality Private Ltd. Hence, Manan Chopra is connected to V2K Hospitality Private Ltd.
- Refer table on next slide for details:

6. REVIEW OF CONSULTANCY FEES INCURRED BY C2C

Particulars	Date	Consultancy Fees (INR in Lakhs)	Share issue Date	Shares Issued (In number)	Amount (INR in Lakhs)
Manan Chopra (HUF)	31-01-2024	5.00	-	-	-
V2K Hospitality Private Ltd	-	-	29-01-2024	3,58,041	486.94
Total		5.00	-	-	486.94

- Further, we observed multiple instances wherein C2C had issued 2,57,657 equity shares to 16 individuals amounting to INR 390.46 lakhs & consultancy fees booked amounting to INR 151.80 lakhs to 16 individuals having common surname.
- However, in absence of adequate details such as PAN number, Address etc., we were unable to establish whether such individuals are connected to each other.
- Kindly refer below table for select such instance :

Particulars	Date	Consultancy Fees (INR in Lakhs)	Share issue Date	Shares Issued (In number)	Amount (INR in Lakhs)
Vrinda Bansal	20-01-2024	7.00	-	-	-
Aaksh Bansal	20-01-2024	5.00	-	-	-
Rajesh Bansal (HUF)	30-01-2024	3.00	-	-	-
Rina Bansal	-	-	18-12-23	14,705	19.99
Rahul Bansal	-	-	13-02-24	10,000	16.00
Total		15.00	-	24,705	35.99

6. REVIEW OF CONSULTANCY FEES INCURRED BY C2C

MANAGEMENT RESPONSE

Kindly refer below for key management response received from Company :

- It is pointed out herein that during the financial year 2023-2024, the company has issued share (including premium) worth around Rs. 62.00 Crores(which is other than bonus shares). Further, as stated in the report, the company has paid consultancy fee of INR 6.25 Crores which amounts to around 10.00% of amount raised through private placement by the company. the same is also shared and nothing is concealed.
- It is pointed out herein that table which has presented in your interim observation report is not justified as Smt. Rina Bansal & Sh. Rahul Bansal are not connected with person to whom consultancy fee has been paid, the same has been disclosed and is already on record and it's a mere coincidence that the said people have common surnames and as such needs no further explanation.
- The details mentioned for this observation under reply has been duly and sufficiently answered. Furthermore, the Expenses are out of scope of your audit and as such need not be replied in greater detail than it is already done through this reply.

Please refer page 15 of Annexure 1 for detailed Management response.

BDO COMMENTS ON MANAGEMENT RESPONSE

- We have noted the management response & there are no changes in the observation.

7. PURCHASES FROM RFB LATEX LIMITED

Purchases from RFB Latex Ltd :

- On review of books of C2C, we noted bill booking against vendor RFB Latex Ltd amounted to INR 31.85 Lakhs. However, company has provided single pager invoices for such purchase.
- We noted that invoice was dated 5th October 2020, however the same was booked on 31st March 2023. We further noted that payment was made on 17th September 2022.
- We further noted that the invoice was pertaining to purchased of DGFT Scrips. We are unable to ascertain the reasons, basis & justification for procuring such scrips from RFB Latex Ltd.
- We further noted that validity of such DGFT Scrips are for maximum 24 months. However, details of utilization of such scrips were not available for our review. Also, difference between date of invoice & date of recording such invoice in books of C2C is more than 24 months.
- Also, such scrips should be shown as Assets in Balance Sheet. However, C2C has expensed out such purchases instead of showing the same in Assets.
- Also, we noted payments to directors of RFB Latex Ltd (Ratra family) in nature of consultancy fees amounting to INR 125 Lakhs during the period of March 2024 to May 2024.
- This raises question on genuineness of such purchases & consultancy fees.

7. PURCHASES FROM RFB LATEX LIMITED

MANAGEMENT RESPONSE

Kindly refer below for key management response received from Company :

- It is pointed out herein that the MEIS scrips were purchased from RFB Limited. And copy of invoice is attached.

Please refer page 16 of Annexure 1 for detailed Management response.

BDO COMMENTS ON MANAGEMENT RESPONSE

- We have noted the management response & wherever applicable necessary updates have been made in the observation section.

8. REVIEW OF LOANS & ADVANCES - RPT

A. Overview :

- We noted that total loans & advance outstanding against related parties amounted to INR 624.39 Lakhs as on 30th September 2024.
- On review of loans & advances, we noted certain discrepancies which are highlighted in observations mentioned below.
- Please find below party-wise bifurcation for loans & advance to related parties.

INR in Lakhs

Sr No	Name of Party	Classification	Opening balance as on 01-04-2021	Transactions during the review period				Closing balance as on 30-09-2024
				Payments	Receipts	Share Capital	Adjustment Entries	
1	C2C Innovations Private Limited	Loans and Advances to Related Party	65.00	288.10	(1,717.00)	-	34.87	(1,329.03)
2	Realtime Techsolutions Private Limited	Loans and Advances to Related Party	-	427.49	-	-	133.32	560.81
3	KTI Intelligent Systems Pvt Ltd	Loans and Advances to Related Party	(250.57)	369.40	-	-	-	118.83
4	PVR Multimedia Private Limited	Loans and Advances to Related Party	(95.50)	940.20	(1,137.26)	380.00	(62.44)	25.00
Total			(281.07)	2,025.19	(2,854.26)	380.00	(105.75)	(624.39)

B. Observation :

- We had requested for agreements for such loans & advance transactions with related parties, however, as informed by the company no agreements were entered for such related party transactions.
- Further, on review of board resolutions we noted that blanket approvals were taken for transactions with related parties without any specific amount & terms and conditions.
- Also, we noted that total outstanding receivable from Realtime Techsolutions Private Limited amounted INR 560.81 Lakhs, however, the company had failed to file its audited financial statement for the F.Y 2022-23 onwards and has defaulted in bank loans.
- Further, KTI Intelligent Systems Pvt Ltd had failed to file its audited financial statement for the F.Y 2022-23 onwards. However, we noted that the above mentioned payments were made to them during the period November 2023 to January 2024.
- Interest was booked only in ledger of PVR Multimedia Private Limited that too only once in the month of March 2024 at a nominal rate of 9%. In case of all other parties, no interest was booked indicating that such loans & advances were interest free in nature, however, the same is disclosed in RHP.
- Hence, we are unable to assess the reasons, basis and justification for such loans & advance transactions with related parties.

8. REVIEW OF LOANS & ADVANCES - RPT

MANAGEMENT RESPONSE

Kindly refer below for key management response received from Company :

Loans & Advances - Related Parties

- No management response received

Loans & Advances - Other parties

- It is pointed out herein that the company had appointed Sreshta Finvest Limited for underwriting/subscribing private placement, however unfortunately the said deal did not materialize and as such the amount which was paid to Sreshta Finvest Limited was duly received back.
- It is pointed out herein that the Company had appointed Sachdeva Enterprises for repair and renovation of its Delhi office and in lieu of the work which was to be undertaken by them, the company had paid advance to Sachdeva Enterprises. Going forward later on, after due consideration/discussion between the parties the contract size was reduced and as such the vendor refunded the balance amount which was paid to him.
- The aforesaid information as provided to you should suffice the purposes for this observations in the report. Further, loans and advances to unrelated parties are out of scope of audit.

Please refer page 16 of Annexure 1 for detailed Management response.

BDO COMMENTS ON MANAGEMENT RESPONSE

- We have noted the management response & wherever applicable necessary updates have been made in the observation section.



4. DATA LIMITATION

4. DATA LIMITATION

➤ Please refer below table for data requested however not provided for our review :

Sr. No	Data Requested	BDO Remarks
1	Vendor & Customer Master containing name, address, GST, PAN, contact, email etc of parties	As informed, company had not maintained KYC details of vendors / customers and detailed master data
2	Ageing of Trade Payables and copy of balance confirmation obtained from the sundry creditors if any obtained (Year to Year & as on date)	Not available
3	Ageing of Trade receivables and copy of balance confirmation obtained from the sundry debtors if any obtained.(Year to Year & as on date)	Not available
4	Bank statements in soft copy for all bank accounts	Company had provided bank statement for review at the time of visit at company's Bangalore office, however, soft copies were not provided to us.
5	Invoice & Supporting documents for purchase of goods from RFB Latex Limited amounting to INR 31.85 Lakhs	Not available
6	Contract copies of Synergy Log-in Systems	Not provided
7	Contract copies with all customers	Company had provided contracts with customers for review at the time of visit at company's Bangalore office, however, only 4 pages of contracts in which name of products / deliverables / software/s were masked were provided to us in hard copies.
8	Single pager internal delivery notes for handing over of software's to customers through physical CD's	Company had provided internal delivery notes for review at the time of visit at company's Bangalore office, however, soft copies were not provided to us.
9	Email communications with the customer for confirmation of delivery of goods	Not available
10	Other supporting documents for handing over of software's to customers through physical CD's	Not available
11	Agreements for such loans & advance transactions with related & other parties	Not available
12	Records of inventory in ERP System	Not available
13	Excel based financial linked with Trail balance	Not available
14	Consumption report / Mapping of project wise purchase and employee cost against sales	Not available



5. DISCLAIMERS

DISCLAIMERS (1/3)

- ▶ As it is practically not possible to examine all the aspects of the identified issues during the limited time period available, the outcome of the analysis may neither be exhaustive nor be representing all possibilities. It is likely that we have not been provided all relevant information pertaining to identified processes. Our observations are based on information that was made available to us by the consortium during the course of our engagement.
- ▶ We have relied on the documents, information furnished to us by the target entity, and our observations are primarily based on review of such information. We made specific efforts to verify the accuracy and authenticity of the information gathered only in those cases where we reasonably determined that it was necessary to do so having regard to the scope of our engagement. The work carried out and the analysis thereof, is based on the discussions with the Company personnel and the records and statements provided by them.
- ▶ The performance of the services does not constitute (i) a recommendation regarding the acquisition or financing of any business, assets, liabilities, or securities, (ii) a market or financial feasibility study, (iii) a fairness or solvency opinion, or (iv) an examination or compilation of, or the performance of agreed upon procedures with respect to, prospective financial information in accordance with the standards established by the Institute of Chartered Accountants of India.
- ▶ Should additional information and documents be subsequently available, observations may change and it may be necessary to revise our findings accordingly. In the absence of such revision, these observations shall be read subject to such additional information and documents, including without limitation any event that may be relevant to the outcome of the observation.
- ▶ The information during site visit procedures and public domain searches are collated from various secondary information sources available in the public domain and through interactions with various individuals. Accordingly, the factual accuracy, completeness and correctness of such information collated cannot be guaranteed.
- ▶ This report does not constitute an engagement to provide audit, compilation, review, or attestation services made in accordance with the generally accepted auditing standards in India and, consequently, no assurance will be expressed.
- ▶ Our work would not be any expression of an opinion or testimony of expert witness. In any manner, the engagement does not extend to provide advice, analysis and observations relating to legal and regulatory issues.

DISCLAIMERS (2/3)

- ▶ The performance of services does not and will not constitute an audit or a limited review performed in accordance with generally accepted auditing standards in India, or a due diligence or an examination of internal controls, or other attestation or review services or services to perform agreed upon procedures in accordance with standards established by the Institute of Chartered Accountants of India nor do they or will they constitute an examination of a forecast in accordance with established professional standards. Therefore, BDO India will not express any opinion on (a) the financial statements as of any date or for any period, (b) any financial data or other information, including any forecasts or projections or other forward-looking information, included or referred to in our report, (c) the merits of the transaction or (d) future operations (e) the fairness of the contemplated terms of the transaction or the fairness or accuracy of any financial information.
- ▶ Save as expressly provided hereinabove, these observations should not be used, circulated, quoted or otherwise referred to for any other purpose, nor included or referred to in whole or in part in any document without our prior written consent. Further, BDO LLP assumes no responsibility to any user of the observations other than the Client & NSE. Any other persons who choose to rely on these observations do so entirely at their own risk.
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- ▶ We assume that there would be no responsibility for the accuracy and completeness of information, as cost/benefit and other considerations will preclude us from pursuing every conceivable source of information. Further, we shall use professional judgment to identify the information sources to be searched. Different findings might be provided if other professionals undertake similar exercise. Accordingly, we do not provide assurance that would have identified all information that might be available in the public or private domains.
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- ▶ We have relied on the bank statements provided to us in hard copies during our visit at client's office. We have not obtained third party confirmations for the transactions/ balances provided in the bank statements.
- ▶ Bank statement analysis have been done on best effort basis to the extent of information available.
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