

CARE Due Diligence Services



Due Diligence Report

Name of the Entity	FOURTH DIMENSTION SOLUTIONS LIMITED
Location	DSM 340, DLF Trade Tower, Shivaji Marg, New Delhi - 110015
Operational Status	Operational
Report Date	October 28, 2015

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CARE Due Diligence Report– STRENGTHS AND WEAKNESSES**Key Strengths**

- *Experienced management team with defined organisational structure.*
- *Significant growth in the total income over the past 3 years with a CAGR of 136.26%.*
- *Reputed and diversified client base (namely, Bharat Sanchar Nigam Limited, LIC, Rail Tel Corporation of India Ltd and other semi-government bodies).*
- *Consortium with well reputed brand, ie, RICOH India Limited.*
- *Comfortable capital structure and adequate debt coverage indicators.*
- *Accredited with ISO 14001:2004, ISO/IEC 27001: 2005, ISO/IEC 20000 -1:2011, ISO 9001:2008 certifications.*
- *Geographical diversified operations.*

Key weaknesses

- *Short track record of operations.*
- *Moderate and fluctuating profit margin.*
- *Concentrated customer and supplier base.*
- *Frequent changes in technology leading to obsolesce.*
- *Raw material price fluctuation risk.*
- *Presence in the highly regulated and competitive industry.*

Note:

- *To undertake the due diligence, CARE has relied at the information provided by the management, their deputed/ instructed by the management and Draft Red Herring Prospectus.*
- *For undertaking the financial analysis, we have primarily relied on the following financial statements provided by the management:*
 - *Audited financials for the financial year ending March 31, 2012, audited by M/s Sain Kanwar & Associates and signed by Kanwar Sain dated August 01, 2012.*
 - *Audited financials for the financial year ending March 31, 2013, audited by M/s Sain Kanwar & Associates and signed by Kanwar Sain dated August 01, 2013.*
 - *Audited financials for the financial year ending March 31, 2014, audited M/s Sain Kanwar & Associates and signed by Kanwar Sain dated September 04, 2014.*
 - *Audited financials for the financial yearending March 31, 2015, audited M/s Sain Kanwar & Associates and signed by Kanwar Sain dated August 10, 2015.*

DRHP consists of financials till March 31, 2015; thus, CARE has also considered financials till only March 31, 2015.

- ***As a part of the due diligence exercise for NSE, CARE also***
 - ***Reviews financials submitted by the company with Ministry of Corporate Affairs.***
 - ***Undertakes Site visit and management discussion***
 - ***Due Diligence with auditors***
 - ***Due Diligence with customers and suppliers.***
- ***However, please note that***
 - *Due diligence exercise by CARE is not an audit and also not a recommendation for entering into any transaction with the entity.*
 - *The banker was not reachable on the number provided in the DRHP, alternative contact details was not shared by the management.*
 - *CARE does not guarantee the accuracy, completeness or adequacy of any information on which this report is based. CARE is not responsible for any error / omissions for the results/opinions obtained for the use of this report.*

BRIEF SNAPSHOT OF ENTITY

Name	Fourth Dimension Solution Limited				
Year of Incorporation	June 17, 2011				
Constitution	Public Limited				
Nature of Business	Trading & Servicing				
Industry	Information Technology				
Products	Computers & computer peripherals, printers, software, accessory				
Service	Internet & Web marketing, telecom and mobility, document management services, project and program management, IT infrastructure services				
Registered Office	DSM 340, DLF Trade Tower, Shivaji Marg, New Delhi-110015				
Key Promoters name	Mr. Amalendu Mukherjee				
Key regulatory approvals, certifications and membership	CMMI-Level 3 Maturity Level 5, ISO 14001:2004, ISO/IEC 27001:2005, ISO/IEC 20000 -1:2011, ISO 9001:2008				
Major Brands	-				
Name of the Auditor	Sain Kanwar & Associates				
Major Existing Bankers	HDFC				
Total number of employees	617				
Total income for latest year	Rs.65,206.63 lakh				
Wilful defaulter as per CIBIL	No as on September 30, 2015				
Litigations	Cases Against	Particulars	Nature	Amount involved	Current status and managements response
	FDS	Income Tax	Civil	Rs.20.49 lakh	Matter pending with assessing officer

Background

Incorporated in 2011 as a private limited company and later re-constituted in 2015, Fourth Dimension Solution Limited (FDS) is engaged in trading of IT-related products (since 2011) like Computers & computer peripherals, printers, software and other accessory (forming 83.03% of the total revenue in FY15 [refers to the period April 1 to March 31]). In addition, the company is also engaged in providing IT-related services (since 2013) like Project & Program Management, Internet and web marketing, telecom and mobility and professional services (placement consultancy services and logistics) which contributed to 16.94% of the total income in FY15. Furthermore, in FY15, the company started trading in electronic products (forming remaining portion of income) like mobile phone, television, tablet and other such electronic item.

The company majorly deals with reputed client base i.e. Bharat Sanchar Nigam Limited, LIC, Rail Tel Corporation of India Ltd and other semi-government bodies. FDS has entered into a contract with RICOH India Ltd for bidding large contracts and e-governance projects and with NCR Corporation India Private Limited to provide skilled manpower for executing various IT-related projects. FDS sells its products and provides services in the domestic market only, while the raw materials are procured from the domestic market and international market (forming 2% of the overall purchases in FY15).

FDS has other subsidiary company, ie, Thumbspeed Tech Solutions Private Limited, engaged in similar line of business and share common top management, thereby deriving operational synergies.

During FY15, the total operating income (TOI) of FDS stood at Rs.65,206.63 lakh (compared with Rs.13,654.14 lakh in FY14), while net profit of the company stood at Rs.1,296.39 lakh in FY15 (compared with Rs.37.85 lakh in FY13). Furthermore, the company has an order book of Rs.123,309.25 lakh and to be completed by March 2017.

ORGANISATION & MANAGEMENT: PROFILE OF THE PROMOTERS, MANAGEMENT & BOARD OF DIRECTORS

Details of key promoters

Name	Age	Designation	Educational qualification	Total years of experience	Years of association with company	Details of the past experience	Responsibilities handled
Mr Amalendu Mukherjee	35	Managing Director	Executive MBA degree	10 years	4 years	-Worked in West Bengal State Seed Corporation Limited, a West Bengal Government undertaking in the year 1999. -Worked in SARK Systems (I) Ltd in the year 2004 at Delhi.	Management and strategy
Ms Namita Mukherjee	34	Whole-Time Director	Under-graduate	3 years	3 years	Nil	Administration, operations & HR functions

NA: Not Applicable

Comments:

- Mr Amalendu Mukherjee, is an executive MBA by qualification, having more than 10 years of experience in the field of IT. He manages the entire business affairs at FDS including planning and formulating the overall business strategy.
- Ms Namita Mukherjee, has about 3 years of experience in IT industry and looks after the administration & HR operations of the company.
- The key promoters although have limited experience in the industry, they are well supported by experienced and qualified second line management, as detailed below.

Details of key management personnel

Name	Age	Designation	Educational qualification	Approx. total years of experience	Years of association with the company	Details of the past experience	Responsibilities handled
Mr Amalendu Mukherjee	35	Managing Director	Executive MBA degree	10 years	4 years	-Worked in West Bengal State Seed Corporation Limited, a West Bengal Government undertaking in the year 1999. -Worked in SARK Systems (I) Ltd in the year 2004 at Delhi.	Management and strategy
Ms Namita Mukherjee	34	Whole-Time Director	Under-graduate	3 years	3 years	Nil	Administration, operations & HR functions
Ms Chavvi Gupta	25	Company Secretary	Company Secretary & B.com(H)	3 months	3 months	Nil	Secretarial Compliances
Mr Mukesh Mishra	34	Chief Financial officer	Graduate	11 years	1 month	-Worked as Assistant Manager in USG Tech Solutions Ltd- Noida (March '10 to December '14) -Worked as an Accountant in National Informatics Centre Services Inc. (A Govt of India Enterprise)(Dec06-Feb 10) -Worked as an Accountant in M/s Michelin India Pvt Ltd (Formerly: Michelin Apollo Tyres Private Limited) (Oct' 05-Nov '06) -Worked as an Accountant in M/s Anubha & Raman, Chartered Accountant, New Delhi (Nov'03-05)	Heads the finance department

Name	Age	Designation	Educational qualification	Approx. total years of experience	Years of association with the company	Details of the past experience	Responsibilities handled
Mr M. P. Singh	51	Vice President in Financial Inclusion department.	MBA in marketing	26 years	11 months	Worked with HCL Infotech Ltd, IL&FS Education & Technology Services Ltd, Integra Micro Systems Ltd, Onward Technologies Ltd, Electronic Systems Punjab Ltd	Managing & handling the financial inclusion department
Mr Ajay Purohit	47	Sr. Vice President in Operation Department	M Tech in Computer Science	23 years	1.2 years	Worked with Corps of Signals of the Indian Army	Heads & handles issues in operation department
Mr Pankaj Mittal	49	Vice President in Sales Department.	B. Tech from Harcourt Butler Technological Institute, Kanpur	28 years	6 months	Transline Technologies Pvt Ltd and Alankit Technologies Ltd.	Heads the sales department
Mr Nilanjan Mukherjee	46	Sr. Vice President in Sales Department	P. G. Program in Marketing from IIM, Bangalore	22 years	1.2 years	Worked with Silica Infotech (P) Ltd, Cisco Systems India (P) Ltd and Siemens Ltd	Strategy - sales

Comments:

- The second line of management consists of various recently appointed key personnel with relevant education qualification and experience in the industry, with majority of them having more than a decade of experience in their respective fields.

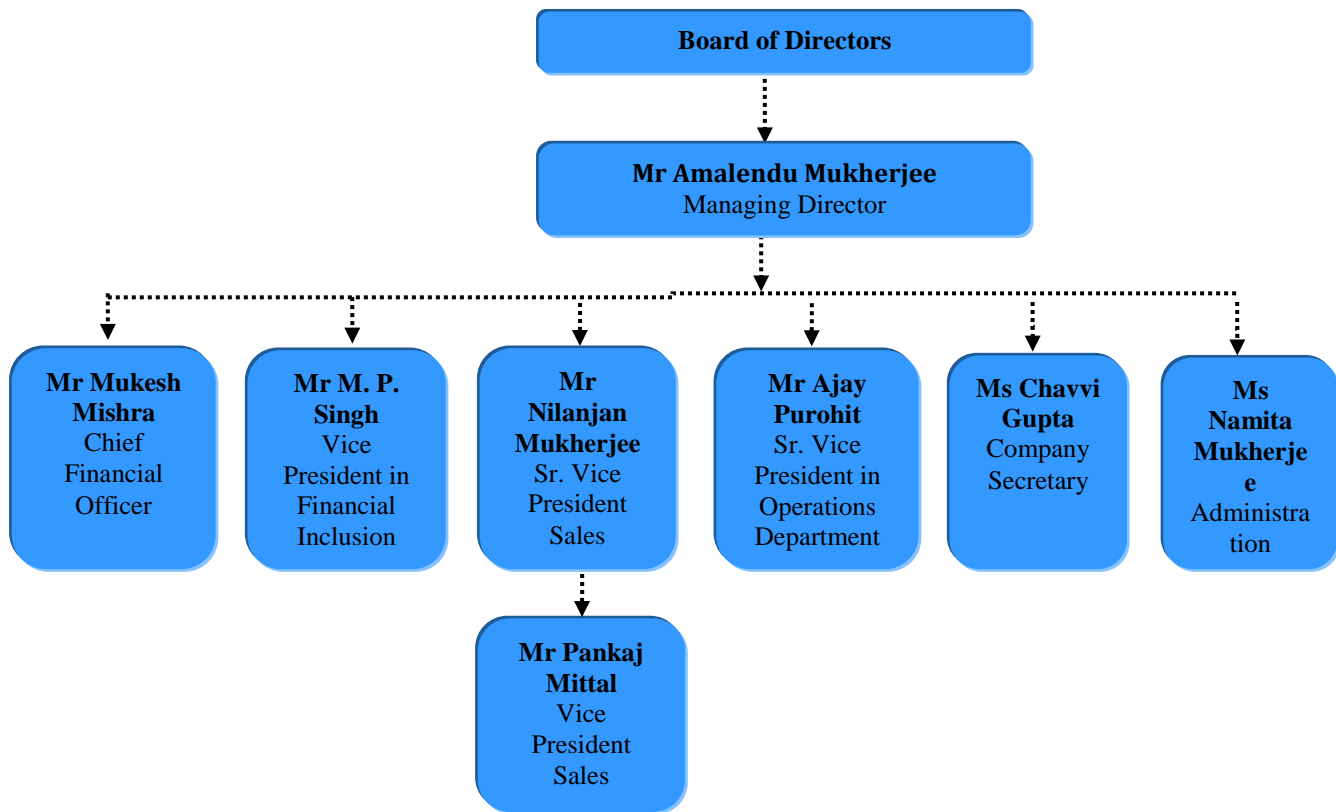
Details of the board of directors

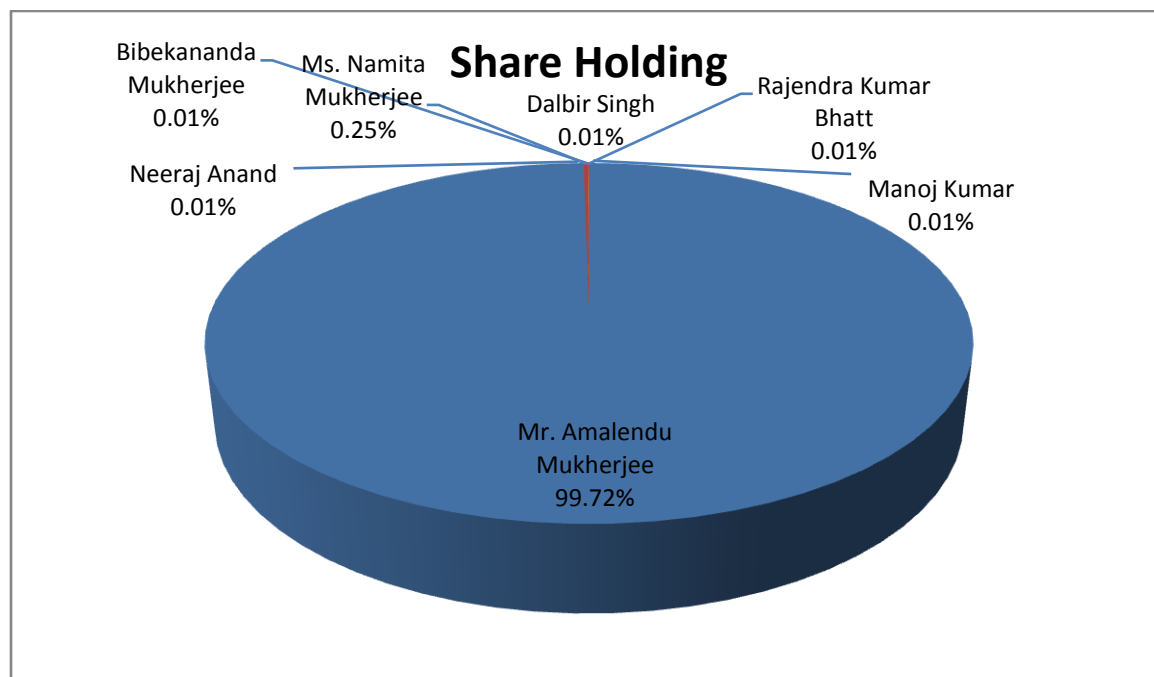
Name	Age (Years)	Category	Education qualification	Total years of experience	Date of Appointment	Details of the past experience	Other directorships/ Association Chairman
Mr Amalendu Mukherjee	35	Managing Director	Executive MBA degree	10 years	June 17, 2011	Worked in West Bengal State Seed Corporation Limited, a West Bengal Government undertaking in the year 1999. -Worked in SARK Systems (I) Ltd in the year 2004 at Delhi.	Thumbspeed Tech Solution
Ms Namita Mukherjee	34	Whole-time director	Under-graduate	3years	April 01, 2013	Nil	Thumbspeed Tech Solution Private Limited
Mr Bibekananda Mukherjee	27	Non- Executive Director	Masters in History, B.C.A, Dip. In computer hardware, networking and application	3 years	April 01, 2015	Looking after operation at Maa Tara Construction	Nil
Mr Anant Prakash	30	Independent and Non-Executive Director	Commerce Graduate	5 years	August 10, 2015	Worked with M/s. Magnum Ventures. Currently working with M/s. Munish K Sharma & Associates	MKS Advisors Private Limited
Mr Vijay Kumar Tiwari	66	Independent and Non-Executive Director	M.E. in computer Science	42 years	August 10, 2015	Sark System India Limited as GM (Operations), IAF in maintenance, operations, organisational skills.	NIL
Mr Prashant Kumar Gupta	28	Independent and Non-Executive Director	Commerce Graduate	4 years	August 10, 2015	M/s. Xerion Retail Pvt Ltd and founded M/s. Prashant Gupta & Associates engaged in the	Equitas Consultants Private Limited

Name	Age (Years)	Category	Education qualification	Total years of experience	Date of Appointment	Details of the past experience	Other directorships/ Association Chairman
						field of compliance, finance, and corporate restructuring	

Comments:

- FDS has two executive directors and four non-executive directors on the board.
- The three directors, Mr Amalendu Mukherjee, Ms Namita Mukherjee and Mr Bibekananda Mukherjee are related to each other, while none of the directors are related to each other.
- Mr Vijay Tiwari has significant experience, while Mr Amalendu Mukherjee has about a decade experience; the other directors have less than 5 years of experience.



ORGANISATION & MANAGEMENT: MANAGEMENT & OWNERSHIP STRUCTURE
Share holding pattern as on September 21, 2015


Name of share holder	No. of equity shares held	Share in business (%)
Mr Amalendu Mukherjee	7,978,000	99.72
Ms Namita Mukherjee	20,000	0.25
Mr Bibekananda Mukherjee	400	0.005
Mr Dalbir Singh	400	0.005
Mr Neeraj Anand	400	0.005
Mr Rajendra Kumar Bhatt	400	0.005
Mr Manoj Kumar	400	0.005
Total	8,000,000	100.00

Comment: The majority stakes are held by Mr Amalendu & Namita Mukherjee, while about 0.03% stake are held by the remaining share holder.

FDS has a group company as detailed below:

(Rs. Lakh)

Name of the group company	Thumbspeed Tech Solution Private Limited	
Date of incorporation	January 13, 2005	
Registered office	701, A wing, plot no. X-4/1, X4/2, Technocity Co-op society Ltd, TTC Industrial Area, Mahape, Navi Mumbai-400710, Maharashtra.	
Nature of business	Trading and Servicing of IT-related products	
Financial Year	FY14	FY15
Total Income	-	22.31
Net Profit	(1.28)	0.56
Net worth	120.46	121.02

Comments

Thumbspeed Tech Solutions Private Limited was incorporated as Thumbspeed Software Solutions Private Limited on January 13, 2005, under the provisions of Companies Act, 1956. The company was initially part of Nokia Group, w.e.f December 12, 2014, on execution of Share Purchase Agreement became the subsidiary of FDS and is fully owned by FDS. Subsequently, name of the Company was changed to Thumbspeed Tech Solutions Private Limited vide fresh certificate of incorporation dated February 20, 2015.

The company is engaged in the business of e-governance projects of central government, state government, public institutions, body corporate or any other association of persons and also in manufacturing, trading, dealing and maintenance of computer hardware, computers, laptops, tablets, electrical or electronic equipment or IT-based products.

Employee Profile

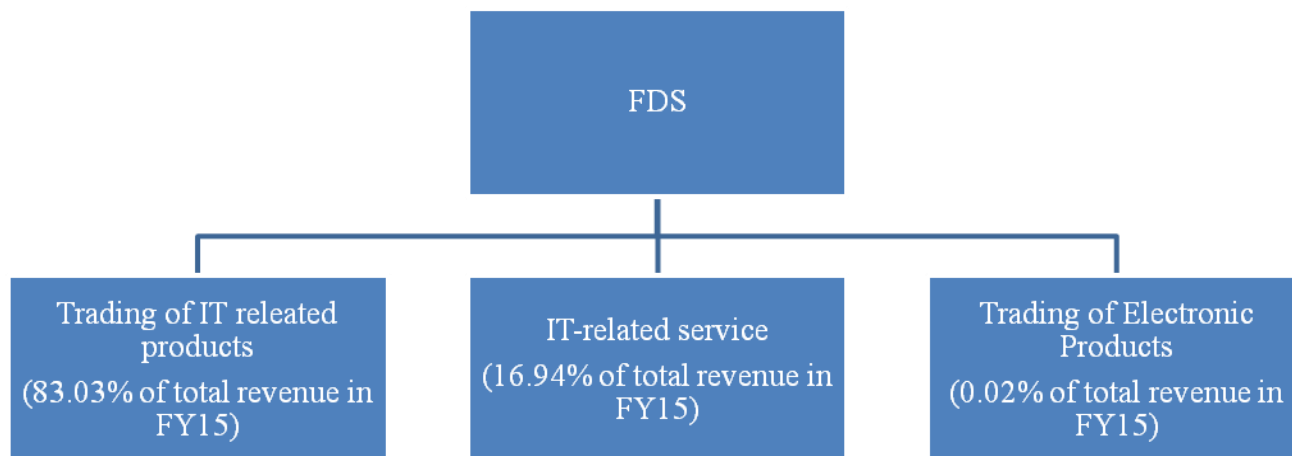
Particulars	Nos.
Skilled	600
Semi-Skilled Employees	17
Total Employees	617

Department-wise break-up

Particulars	Nos.
Administration	19
Finance & Accounts	8
Secretarial & Legal	3
Human Resource	8
Information Technology	8
Operations	557
Sales	14
Total	617

Comment:

- The major decisions are taken by the promoters. However, in the past few years, the company has recruited various personnel in its second line of management having relevant experience in the industry to assist the promoters.
- The level of professionalism seems to be good and they have healthy number of skilled employees for the organisation.
- Furthermore, the company also hires labourers on daily basis as and when required.

BUSINESS PROFILE: OPERATIONS OVERVIEW
BUSINESS PROFILE ANALYSIS


The company provides range of service related to IT under a single roof, from supply of computers and computer peripherals to installation and commission of hardware, software, the necessary IT infrastructure and maintenance of the same. Furthermore, the company benefits due to its consortium with RICHO which enables FDS to bid for larger projects. Income from sale of IT-related products formed the majority of FDS revenue (around 83.03% of the total revenue) in FY15, while income from IT-related services was the second major contributor (forming 16.94%). FDS under its IT service segment provides range of services which comprise of Technology solutions, IT infrastructure service which include AMC services, IT facilities management service, configuration service for computing, document management service and network pieces and professional service which comprise placement service, manpower recruitment and logistics.

Furthermore, the company started trading in electronic items in FY15, which contributed about 0.02% of the total revenue in FY15.

The company is currently one of the enrolment agencies with RICHO for UIDAI and National Population Register for database management containing biometric and other data. Moreover, in the past, the company has executed several e-governance projects like E-mitra and Bhamashah Yojana for Government of Rajasthan, Pradhan Mantri Jan Dhan Yojana, etc. FDS in agreement

with NCR Corporation India Private Limited has installed and serviced ATMs on PAN India basis.

Details of contracts

The company has entered into MoU with RICOH India Ltd. wherein both the company together will constitute RICOHFDS consortium for bidding e-Governance projects and with NCR Corporation India Pvt Ltd, to provide skilled manpower, the detail of which have been mentioned below.

Name of the party	Date of signing of contract	Date of expiry of contract	Quantity and price terms
RICOH	May 08, 2013	The agreement is valid from the date of signing this agreement till the responsibility and obligations of parties are fulfilled under this agreement or the project schedule as in RFP, whichever is earlier.	RICOH “Prime Bidder” FDS “Consortium Member” will decide the quantity and price terms as per each sales/service contracts they sign.
NCR Corporation India Pvt Ltd	November 11, 2014	Agreement shall continue for a period of 3 years. NCR shall renew this agreement annually thereafter.	Billing rates shall be established on the local labour rates.

OPERATIONS OVERVIEW

Nature of activity	Trading & Servicing
Industry segment	Information Technology
Products & Services Offered	Computers & computer peripherals, printers, software, accessory and Internet & Web marketing, telecom and mobility, document management services, project and program management, IT infrastructure services
Warehouse	A-31/70, Rama Road, Najafgarh Industrial Area, New Delhi - 110015
Area of the Plant	NF
Ownership of warehouse	Leased
Location advantage	No
Marketing Setup	The company undertakes sales efforts either from head office or through branches

Comments:

- FDS has its warehouse located at Najafgarh Industrial Area, New Delhi, the facility is leased from April 1, 2015, for a 3-year period.
- FDS markets its products through business promotions and participates in exhibitions, which helps the company to promote its products and services and also understand customer's needs.
- The company also operates through 35 other offices across India including major business hubs like Gwalior, Kolkata, Punjab, Mumbai, Rajkot, Vadodara, and Chennai, to carry out the business and market its services and products.
- FDS with the help of consortium partner RICHO has been able to bid for large projects for government and semi-government organisations. Moreover, the same has helped the company with necessary cushion to leverage further and thrive with minimal marketing efforts.
- The company is equipped with IP5000 RICHO Volume Platform (VP) Inkjet printer, which facilitates to execute high order in reduced time while improving the quality of product.

Segment-wise revenue analysis

(Rs. Lakh)

Particulars	FY12	FY13	FY14	FY15	Q1FY16
Income Sale of Product	3.46	544.3	12,111.6 6	54,104.5 4	46,005.0 0
% y-o-y growth	NM	15,631.2 1	2,125.18	346.71	-
% contribution to total revenue	100.0 0	31.60	88.72	83.03	77.06
Income from Provision of Services	0	1,178.4	1,540.66	11,041.0 3	12,495.0 0
% y-o-y growth	NA	NM	30.74	616.64	-
% contribution to total revenue	0.00	68.40	11.28	16.94	20.93
Income from Trading of Electronic Products	-	-	-	18.28	1,198.00
% y-o-y growth	-	-	-	NM	-
% contribution to total revenue	-	-	-	0.0281	2.01
Total Revenue	3.46	1,722.71 4	13,672.4 3	65,163.6	59,698
% y-o-y growth	NM	49,689.4 2	693.66	377.31	-

Comments:

- Income from sale of IT-related product is the major revenue contribution segment over the last 2 years, further there has been significant growth over the past mainly on account of FDS ability to bid for large projects.
- FDS started providing IT-related services in FY13, on account of which there has been a significant decline in income from sale of products as a percentage of contribution to the total revenue. Furthermore, in FY14, with increase in trading business the revenue contribution from service segment declined significantly.
- There have been significant fluctuations in revenue contribution for trading & servicing of IT-related products as a percentage of total revenue primarily due to fluctuation in scope of work, further the trend is expected to continue as the company continues to offer products and services under one roof.

- Income from services remained the second major revenue contributor over the last 3 years.

CUSTOMERS & SUPPLIERS ANALYSIS

CUSTOMER'S PROFILE

FDS has a customer base of more than 90 clients, with major revenue contribution comprising of government and semi-government bodies. Furthermore, FDS has moderately high customer concentration with top 10 clients contributing to around 76.03% of the total revenue in FY15 thereby increasing its dependence on any single client. The client profile of FDS has remained reputed, therefore, reducing the counter party risk to large extent.

The table below shows the top 5 customers for the service and top 5 customers for trading segment during FY15.

Service & Consultancy			Trading		
Clients	FY15 (Rs. lakh)	% contribution in FY15	Clients	FY15 (Rs. lakh)	% contribution in FY15
Ricoh India Ltd.	5,828.53	52.79%	Ricoh India Ltd.	37,324.78	68.96%
Kinobeo Software Private Limited	484.82	4.39%	Kamal Enterprises	2,588.00	4.78%
Independent News Service Private Limited	195.45	1.77%	Connect Residuary Private Limited	1,552.5	2.87%
Dev Technofab Limited	178.50	1.62%	Pantail Enterprises	1,153.68	2.13%
ACPL Systems Private Limited	75.00	0.68%	Ankur Trading Co.	1,112.38	2.06%
Total	6,762.30	61.25%	Total	43,731.30	80.80%

CUSTOMERS/DEALERS FEEDBACK

Name of Customer	Sify Technologies Limited
Contact person	Anuj Malhotra

Contact details	9899501013
Whether Customer is in relation with the promoters?	No
Since when is the customers dealing with FDS	2 years
Feedback	Satisfactory

Name of Customer	Indira Gandhi National Centre For The Arts
Contact person	Rajiv Bhandari
Contact details	011-2338201
Whether Customer is in relation with the promoters?	No
Since when is the customers dealing with FDS	1 years
Feedback	Satisfactory

Name of Customer	Savitri Telecom Services
Contact person	Ravi Shankar Rai
Contact details	9810587154
Whether Customer is in relation with the promoters?	No
Since when is the customers dealing with FDS	2 years
Feedback	Satisfactory

SUPPLIERS' PROFILE

Supplier name	As % of purchases in FY15	Country	Key Raw Materials
Vayam Technologies Limited	22.59%	India	Computer & Computer peripherals
Ricoh India Ltd.	14.63%	India	Printers, Computers, Computer peripherals
Maxwall Impex Llp	11.90%	India	Computer & Computer peripherals
Trimmax It Infrastructure	8.53%	India	Computer & Computer peripherals
Rudra Enterprises	4.04%	India	Computer & Computer peripherals
Jindal Infra Solutions Ltd	2.61%	India	Printers, Computers, Computer peripherals
Shri Sai Sales Corperation	2.34%	India	Software
Jr Communication & Power Controls P. Ltd	2.01%	India	Computer table, accessory setup
Iris Computer	1.89%	India	Software
Maxwall Impex LLP	1.84%	India	Computer & Computer peripherals

Comments:

- FDS procures its raw materials mainly from domestic market and international market (Taiwan and Hong Kong) (forming about 2% of the overall purchase in FY15).
- The company's supplier profile is moderately concentrated with top 10 suppliers contributing to 72.37% of the total purchase in FY15.
- Furthermore, the company has not entered into any long-term contract with the suppliers.

SUPPLY SIDE ANALYSIS

Average Creditor Days	64
Raw Material Availability	Adequate
Import as a % of RM Purchase	2%

Comments:

- The raw materials (mainly IT products) are procured majorly from the domestic market. Furthermore, the raw material prices are moderately fluctuating in nature; hence, FDS's profitability remains susceptible to the rise in the raw material prices.

SUPPLIER FEEDBACK

Name of supplier	Jindal Infra Solutions Ltd
Contact person	Ashish Jindal
Contact details	9953044000
Whether supplier is in relation with the Promoters?	No
Since when is the supplier dealing with FDS	2 years
Feedback	Satisfactory

Name of supplier	Iris Computer
Contact person	Mr Suresh Joshi
Contact details	9818422878
Whether supplier is in relation with the Promoters?	No
Since when is the supplier dealing with FDS	2 years
Feedback	Satisfactory

Name of supplier	Cloudberry Technology P. Ltd
Contact person	Mr Naveen

Contact details	7696231638
Whether supplier is in relation with the Promoters?	No
Since when is the supplier dealing with FDS	2 years
Feedback	Satisfactory

BUSINESS ACTIVITY DETAILS

Key Raw materials	Computer & Computer peripherals, Software, Servers
Level of Raw Material Price fluctuation risk	Moderate
Quality Certifications	ISO 14001:2004, ISO/IEC 27001: 2005, ISO/IEC 20000 -1:2011, ISO 9001:2008
Level of value addition	Moderate

INDUSTRY ANALYSIS

Name of the industry	Information Technology
Product portfolio	Computers & computer peripherals, printers, software, accessory
Service portfolio	Internet & Web marketing, telecom and mobility, document management services, project and program management, IT infrastructure services
Overall Industry risk	Moderate
Level of competition	High

INDUSTRY WRITE-UP:

India is the world's largest sourcing destination for the information technology (IT) industry, accounting for approximately 67% of the US\$ 124-130 billion market. The industry employs about 10 million workforce. More importantly, the industry has led the economic transformation of the country and altered the perception of India in the global economy. India's cost competitiveness in providing IT services, which is approximately 3-4 times cheaper than the US, continues to be the mainstay of its unique selling proposition (USP) in the global sourcing market. However, India is also gaining prominence in terms of intellectual capital with several global IT firms setting up their innovation centers in India.

The IT industry has also created significant demand in the Indian education sector, especially for engineering and computer science. The Indian IT and ITeS industry is divided into four major segments – IT services, business process management (BPM), software products and engineering services, and hardware.

The IT-BPM sector in India grew at a Compound Annual Growth rate (CAGR) of 15% over 2010-15, which is 3-4 times higher than the global IT-BPM spend, and is estimated to expand at a CAGR of 9.5% to US\$ 300 billion by 2020.

Market Size

India, the fourth largest base for new businesses in the world and home to over 3,100 tech start-ups, is set to increase its base to 11,500 tech start-ups by 2020, as per a report by Nasscom and Zinnov Management Consulting Pvt Ltd.

India's internet economy is expected to touch Rs.10 trillion (US\$ 151.6 billion) by 2018, accounting for 5% of the country's gross domestic product (GDP), according to a report by the Boston Consulting Group (BCG) and Internet and Mobile Association of India (IAMAI). India's

internet-user base reached over 350 million by June 2015, the third largest in the world, while the number of social media users grew to 143 million by April 2015 and smart phones grew to 160 million.

Public cloud services revenue in India is expected to reach US\$ 838 million in 2015, growing by 33% year-on-year (y-o-y), as per a report by Gartner Inc. In yet another Gartner report, the public cloud market alone in the country was estimated to treble to US\$ 1.9 billion by 2018 from US\$ 638 million in 2014. Increased penetration of internet (including in rural areas) and rapid emergence of e-commerce are the main drivers for continued growth of data centre co-location and hosting market in India.

Investments

Indian IT's core competencies and strengths have attracted significant investments from major countries. The computer software and hardware sector in India attracted cumulative foreign direct investment (FDI) inflows worth US\$ 17.575 billion between April 2000 and May 2015, according to data released by the Department of Industrial Policy and Promotion (DIPP).

The private equity (PE) deals increased the number of mergers and acquisitions (M&A) especially in the e-commerce space in 2014. The IT space, including e-commerce, witnessed 240 deals worth US\$ 3.8 billion in 2014, as per data from Dealogic.

India also saw a 10-fold increase in the venture funding that went into internet companies in 2014 as compared with 2013. More than 800 internet start-ups got funding in 2014 as compared to 200 in 2012, said Rajan Anandan, Managing Director, Google India Pvt Ltd and Chairman, IAMA.

About 554 start-ups received funding this year compared with 342 during last year. Seed and venture capital funds made investments worth US\$ 3.4 billion this year, three times the investment made last year. VC funding to the IT/ITes sector amounted to 55% of total VC funding made this year.

Most large technology companies looking to expand have so far focused primarily on bigger enterprises, but a report from market research firm Zinnov highlighted that the small and medium businesses will present a lucrative opportunity worth US\$ 11.6 billion in 2015, which is expected to grow to US\$ 25.8 billion in 2020. Moreover, India has nearly 51 million such businesses of which 12 million have a high degree of technology influence and are looking to adopt newer IT products, as per the report.

Some of the major developments in the Indian IT and ITeS sector are as follows:

A recent study by research firm International Data Corporation (IDC) suggests that India may soon be able to catch up with the global technology trends that have disrupted enterprises, industry and the way consumers behave and transact.

Wipro has won a US\$ 400 million, multi-year IT infrastructure management contract from Swiss engineering giant ABB, making it the largest deal for the technology company.

Reliance is building a 650,000 square feet (sq ft) data centre in India—its 10th data centre in the country—with a combined capacity of about 1 million sq ft and an overall investment of US\$ 200 million.

Intel Corp plans to invest about US\$ 62 million in 16 technology companies, working on wearable, data analytics and the Internet of Things (IoT), in 2015 through its investment arm Intel Capital. The Indian IoT industry is expected be worth US\$ 15 billion and to connect 28 billion devices to the internet by 2020.

Wipro announced in July its plan to acquire Designit, a global strategic design firm from Denmark for US\$ 94 million.

Maharashtra government has received a proposal worth Rs.4,500 crore (US\$ 682 million) investment from global investment and advisory firm Blackstone. The proposed investment will be made at various places like IT parks in Pune, Central Mumbai, among others.

Indian e-commerce industry is expected to grow at a CAGR of 35% to reach US\$ 100 billion size in the next 5 years, as per a study by Assocham-PricewaterhouseCoopers.

Government Initiatives

Some of the major initiatives taken by the government to promote IT and ITeS sector in India are as follows:

The Government of India has launched the Digital India program to provide several government services to the people using IT and to integrate the government departments and the people of India. The adoption of key technologies across sectors spurred by the 'Digital India Initiative' could help boost India's gross domestic product (GDP) by US\$ 550 billion to US\$ 1 trillion by 2025, as per research firm McKinsey.

India and the United States (US) have agreed to jointly explore opportunities for collaboration on implementing India's ambitious Rs.1.13 trillion (US\$ 18.22 billion) 'Digital India Initiative'. The

two sides also agreed to hold the US-India Information and Communication Technology (ICT) Working Group in India later this year.

Union Human Resource Development Minister Mrs Smriti Irani has launched the National Web Portal for promotion of National Apprenticeship Scheme for graduates, diploma holders and 10+2 pass-outs vocational certificate holders, with a view to bridge the gap between the students and the industry.

The Government of Telangana has begun construction of a technology incubator in Hyderabad—dubbed T-Hub—to reposition the city as a technology destination. The state government is initially investing Rs.35 crore (US\$ 5.3 million) to set up a 60,000 sq ft space, labelled the largest start-up incubator in the county, at the campus of International Institute of Information Technology-Hyderabad (IIIT-H). Once completed, the project is proposed to be the world's biggest start-up incubator housing 1,000 start-ups.

Bengaluru has received US\$ 2.6 billion in venture capital (VC) investments in 2014, making it the fifth largest recipient globally during the year, an indication of the growing vibrancy of its startup ecosystem. Among countries, India received the third highest VC funding worth US\$ 4.6 billion.

Road Ahead

India is the topmost off shoring destination for IT companies across the world. Having proven its capabilities in delivering both on-shore and off-shore services to global clients, emerging technologies now offer an entire new gamut of opportunities for top IT firms in India. Social, mobility, analytics and cloud (SMAC) are collectively expected to offer a US\$ 1 trillion opportunity. Cloud represents the largest opportunity under SMAC, increasing at a CAGR of approximately 30% to around US\$ 650-700 billion by 2020. The social media is the second most lucrative segment for IT firms, offering a US\$ 250 billion market opportunity by 2020. The Indian e-commerce segment is US\$ 12 billion in size and is witnessing strong growth and thereby offers another attractive avenue for IT companies to develop products and services to cater to the high growth consumer segment.

SITE VISIT REPORT:
Warehouse facility

Location of Warehouse	A-31/70, Rama Road, Najafgarh Industrial Area, New Delhi - 110015
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Sites visited	A 70/30 Rama Road New Delhi
Presence in a cluster	No
Area of the unit	3,600 square feet
No. of employees at site	4
Ownership of premises	Leased
Other facilities	No

Adequacy of Warehousing Facilities

Availability of land for future expansion	No
Site layout	Structured
Adequacy of insurance coverage	Yes
Source of power	BSES
Adequacy of power	Adequate
Presence of labour union	No
Industrial relations	Good
Level of work safety	Good
Adequacy of storage facilities	Adequate

FINANCIAL PERFORMANCE - PROFITABILITY STATEMENT
(Rs. In Lakh)

Period Ends on:	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
Result Type:	Actual	Actual	Actual	Actual
Number of months in current financial year	12	12	12	12
Gross Sales	0	1,178.4	1,540.65	11,041.03
Traded Goods Sales	3.46	544.3	12,111.66	54,104.54
Net Sales	3.46	1,722.7	13,652.31	65,145.57
Other Income(related to operations)	0	0.01	1.83	61.06
Total Operating Income	3.46	1,722.71	13,654.14	65,206.63
Cost of Traded Goods Sale	2.83	538.5	11,959.21	52,157.20
Power and Fuel	0.6	0.45	0.00	8.09
Employee Costs	15.3	14.04	132.94	864.69
Service Expenses	0.38	1,151.16	1,280.65	9,170.47
Other Expenses	3.56	4.16	178.41	430.92
Selling Expenses	0.65	0.05	39.40	154.37
Cost of Sales	23.36	1,708.39	13,590.98	6,2810.88
PBILDIT	-19.9	14.33	63.17	2,395.75
Depreciation	0.58	1.37	6.92	168.81
PBIT	-20.48	12.96	56.24	2,226.94
Interest and Finance Charges	0.05	0.26	4.22	60.25
Operating Profit Before Tax (OPBT)	-20.53	12.7	52.02	2,166.69
Operating Profit After Tax (OPAT)	19.46	8.68	35.83	1,421.50
Non Operating Income / (Expense)	20.61	0	2.94	-190.68
Profit Before Tax (PBT)	0.08	12.7	54.96	1,976.01
Adjusted Profit Before Tax (APBT)	0.08	12.7	54.96	1,976.01
Tax	0	3.97	15.47	678.93
Provision for Deferred Tax	0.16	0.05	1.64	0.69
ADJUSTED PROFIT AFTER TAX (APAT)	-0.08	8.68	37.86	1,296.40
Gross Cash Accruals	0.69	10.12	46.78	1,491.05

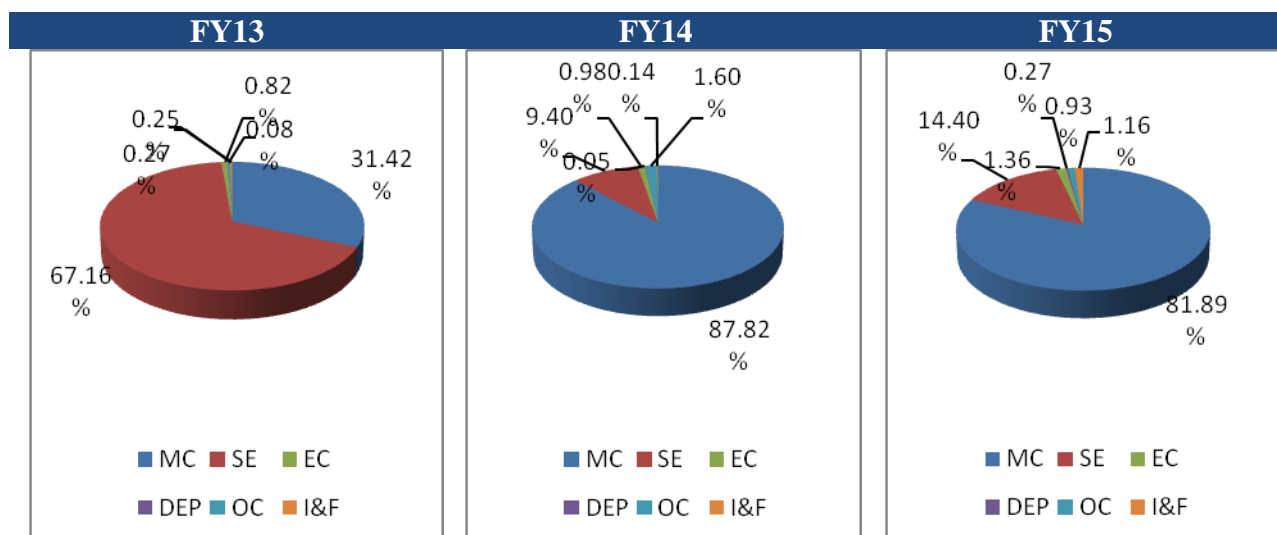
Comments:
Revenue analysis

Parameters	FY12	FY13	FY14	FY15
Net Sales	3.46	1,722.7	1,3652.31	65,145.57
% y-o-y growth	NM	49,689.02%	692.49%	377.18%
Other Income	0	0.01	1.83	61.06

(related to operations)				
% y-o-y growth	NM	NM	18,200.00%	3,236.61%
Total Operating Income	3.46	1,722.71	13,654.14	65,206.63
% y-o-y growth	NM	49,689.31%	692.60%	377.56%

- FDS’s total operating income, primarily comprise income from sale of IT-related products and IT services.
- Net sales grew significantly at a CAGR of 136.26% during FY12-FY15, from Rs.3.46 lakh to Rs.65,145.57 lakh, further the company has demonstrated significant growth over the past, mainly on account of robust demand in IT services and products and moreover the company has been able to expand its business profile over the past few years leading to range of services being provided under a single roof.
- Other income increased significantly from Rs.1.83 lakh in FY14 to Rs.61.06 lakh in FY15, mainly on account of increase in the interest income on FDR.

FINANCIAL PERFORMANCE - COST STRUCTURE



MC= Material cost/Cost of Traded goods SE=Service Expense EC = Employee cost Dep = Depreciation I&F = Interest and finance charges OC = Other cost

Comments:

Cost of traded goods constituted the highest proportion in the cost structure during FY13-FY15. Furthermore, the service expense constituted the second largest portion in the cost structure

during FY14 and FY15, having further increased from Rs.1,280.65 lakh in FY14 to Rs.9,170.47 lakh in FY15. The employee costs have also increased from Rs.15.29 lakh in FY12 to Rs.864.69 lakh in FY15 mainly on account of increase in service business being skilled labour intensive. Fixed capital charges (depreciation and finance costs) covered 1.43 portions of the total costs for FY15.

Cost of traded goods analysis

Parameters	FY12	FY13	FY14	FY15
Cost of traded goods (Rs. lakh)	2.83	538.5	11,959.21	52,157.2
% y-o-y growth	NM	18,928.27%	2,120.84%	336.13%
As % of TOI	81.79%	31.26%	87.59%	79.99%
As % to cost of sales	12.11%	31.52%	87.99%	83.04%
As % of Income from traded good	81.79	98.93	98.74	96.40

- FDS being engaged in trading of information technology related products, cost of traded goods is the largest component for the company.
- Over the past 2 years there has been significant increase in cost of traded goods in absolute terms, however, relatively it has stable as a percentage of TOI and cost of sales. Furthermore, as a percentage of income from traded goods sale, cost of traded good has been in the range of 96.46% to 98.93% during FY13-FY15.
- The decline in cost of traded goods as a percentage of TOI and cost of sales in FY13 is primarily due to introduction of service business, however, as a percentage of income from traded goods sale it has remained stable.

Service Cost Analysis

Parameters	FY12	FY13	FY14	FY15
Service Cost (Rs. lakh)	0.38	1,151.16	1,280.65	9,170.47
% y-o-y growth	NM	NM	11.25%	616.08%
As % of TOI	10.98%	66.82%	9.38%	14.06%
As % to cost of sales	1.63%	67.38%	9.42%	14.60%
As % of Income from services	NM	97.69%	83.12%	83.06%

- Apart from the trading activity, the company is also engaged in providing IT-related service since FY13.

- Service expense as a percentage of service income remained high in FY13 mainly as the service segment was yet to stabilise being its first year of operations.
- Service cost has increased during FY15 with increase in service business as indicated by service cost as a percentage of income from services being stable over the past 2 years, however, service expense as a percentage of TOI and cost of sales have been fluctuating primarily due to fluctuations in the two major line of business (Trading & Service).

Employee cost

Parameters	FY12	FY13	FY14	FY15
Employee cost (Rs. lakh)	15.3	14.04	132.94	864.69
% y-o-y growth	NM	NM	846.87%	550.44%
As % to total operating income	442.20%	0.81%	0.97%	1.33%
As % to cost of sales	65.50%	0.82%	0.98%	1.38%

- FDS employees' considerable number of employees for their services segment, further the company also hires employees on daily basis as and when required. The total number of employees with the company stood at 617
- Employee cost has increased during FY15 mainly on account of increase in service business which requires skilled manpower.

Selling & other operating cost items

Parameters	FY12	FY13	FY14	FY15
Selling Expenses (Rs. lakh)	0.65	0.05	39.4	154.37
% y-o-y	NM	NM	78,700.00%	291.80%
% of TOI	18.79%	NM	0.29%	0.24%
% of cost of sales	2.78%	NM	0.29%	0.25%
Other operating Expenses (Rs. lakh)	4.16	4.61	178.41	439.01
% y-o-y	NM	10.82%	3,770.07%	146.07%
% of TOI	120.23%	0.27%	1.31%	0.67%
% of cost of sales	17.81%	0.27%	1.31%	0.70%

- FDS's selling expense mainly comprise business promotion, freight & forwarding and commission and brokerage expense. The overall selling expense has increased in FY15

on account of significant expense incurred towards business promotion. However, as a percentage of TOI and cost of sales, it has remained stable.

- Other operating expense mainly comprises rent, vehicle repair and maintenance, travelling and power and fuel. Furthermore, although there has been significant increase in other operating expense, it has declined as a percentage of TOI and cost of sales.

Depreciation

Parameters	FY12	FY13	FY14	FY15
Depreciation (Rs. lakh)	0.58	1.37	6.92	168.81
% y-o-y growth	NM	136.21%	405.11%	2339.45%
As % of total operating income	16.76%	0.08%	0.05%	0.26%
Depreciation rate (% of average gross block)	10.36	12.01	1.96	9.23

- Depreciation expense increase significantly in FY15 primarily due to additions in asset amounting to Rs.1,133.68 lakh during FY15, which primarily include plant & machinery, computers, vehicles and land.
- During FY14, the company had purchased assets amounting to Rs.342.27 lakh, which have led to increase in the depreciation expense during the year.

Interest and finance charges

Parameters	FY12	FY13	FY14	FY15
Interest and Finance Charges (Rs. lakh)	0.05	0.26	4.22	60.25
% y-o-y growth	NM	420.00%	1,523.08%	1,327.73%
As % of TOI	1.45%	0.02%	0.03%	0.09%

- The interest and finance charge increased considerably during FY15, mainly on account of increase in bank charges, OD interest charges, bank guarantee charges and interest expense incurred towards car loan & loan against FDR.

FINANCIAL PERFORMANCE - BALANCE SHEET:ASSETS
(Rs. In Lakh)

Period Ends on:	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
Result Type:	Actual	Actual	Actual	Actual
Gross Block	5.6	5.81	348.09	1,481.78
Accumulated Depreciation	-0.58	-1.95	-8.87	-177.68
Net Block	5.02	3.87	339.22	1,304.09
Capital work in progress	0	0	0	152.55
NET FIXED ASSETS	5.02	3.87	339.22	1,456.64
Investments in Subsidiaries	0	0	0	124.99
TOTAL INVESTMENTS :net of provision	0	0	0	124.99
Finished Goods	0	342.7	578.95	10,687.23
TOTAL INVENTORIES	0	342.7	578.95	10,687.23
Receivables : More than 6 months	0	0	254.38	860.27
Receivables : Less than 6 months	0.4	1,349.68	1,924.82	5,245.05
TOTAL RECEIVABLES	0.4	1,349.68	2,179.2	6,105.33
Current Loans; Advances; current assets related to operations	0.7	140.42	2,572.06	3,446.45
Cash and Bank Balances	3.24	30.99	103.67	6,869.61
Advance Tax Paid	0.26	23.84	0	0.00
TOTAL OTHER CURRENT ASSETS	7.51	203.88	2,976.15	10,316.07
TOTAL CURRENT ASSETS related to operations	7.91	1,896.25	5734.3	27,108.62
TOTAL ASSETS	13.43	1,910.93	6,115.4	29,150.86

Comments:
Fixed assets

- FDS's fixed asset primarily comprise plant & machinery, computers & peripherals, and land.
- The company during FY14 purchased fixed assets worth Rs.342.27 lakh, which mainly comprises land purchase worth Rs.263.63 lakh, however, the company as approved by the board of directors has agreed to sell the property to Mr Amalendu Mukherjee.
- Furthermore, during FY15, the company made additions to its fixed asset amounting to Rs.1,133.68 lakh, which majorly comprised plant and machinery worth Rs.661.49 lakh

and computers & peripherals worth Rs.253.50 lakh. The plant and machinery purchased was mainly pertaining to purchase of high volume printing machine for its own facility.

- During FY15, Rs.152.55 lakh being in capital work in progress is on account of construction work in process at its facility.

Inventories

Parameters	March 2013	March 2014	March 2015
Finished Goods (Rs. lakh)	342.7	578.95	10,687.23
Average Finished Goods Inventory Period (days)	36	12	32
Total inventories (Rs. lakh)	342.7	578.95	10,687.23
Average Inventory Period (days)	36	12	32
Total inventory as % of total assets	17.93%	9.47%	36.66%

- Total inventory comprises finished goods inventory only on account of operations being in trading and servicing.
- The finished goods inventory period stood at 32 days as on March 31, 2015. As per the explanation provided by the management, there has been a significant increase in finished goods inventory as on March 31, 2015, on account of year end balances.

Investments in Subsidiaries

- The company during FY15 has invested Rs.124.99 lakh in 1000 equity shares in subsidiary company, ie, Thumbspeed Tech Solution (P) Ltd.

Sundry debtors

Parameters	March 2012	March 2013	March 2014	March 2015
Total Receivables (Rs. lakh)	0.4	1,349.68	2,179.2	6,105.33
Average Collection Period (days)	0	141	47	23
As % of net sales	11.56%	78.35%	15.96%	9.37%
As % of total assets	2.98%	70.63%	35.63%	20.94%

- The total receivable outstanding remained moderate at Rs.6,105.33 lakh as on March 31, 2015 (comprising of 9.37% of net sales) with collection period of 23 days. Over the years, the company has significantly improved its receivables management thereby the average receivables period stood stable at 23 days in FY15 (compared with 47 days in FY14).

Ageing analysis of debtors

(Rs. crore)

Particulars	< one month	1-3 months	3-6 months	6-12 months	>12 months	Total
Debtors as on March 31, 2015	52.45	-	-	8.60	-	61.05
Debtors as on March 31, 2014	10.20	-	9.09	2.50	-	21.79
Debtors as on March 31, 2013	13.50	-	-	-	-	13.50

- For the past three balance sheet dates ending on March 31, 2015; with the efficient receivable management, about 80% of the receivables dues have been outstanding are for less than one month.

Other current assets
(Rs. Lakh)

Parameters	March 2012	March 2013	March 2014	March 2015
Other current assets	7.51	203.88	2,976.15	10,316.07
As % of total assets	55.92%	10.67%	48.67%	35.39%
Other operating current assets	7.91	1,896.25	5,734.3	3,446.46
Advance tax paid	0.26	23.84	0.00	0.00
Income tax	0.26	23.84	0.00	0.00
Cash & bank balances	3.24	30.99	103.67	6,869.61
Cash on hand	2.48	30.71	2.05	31.27
Balances with banks	0.76	0.28	101.62	6,838.34

- Other operating current assets mainly comprise advance to suppliers, prepaid expenses, other advances, and balance with revenue authorities.
- Cash & bank balances have increased significantly in FY15 mainly on account of FD account worth Rs.1,491.51 lakh as on March 31, 2015, maintained as security against bank guarantee facility. Furthermore, the company had cheques on hand worth Rs.3,781.07 lakh as on March 31, 2015.

FINANCIAL PERFORMANCE - BALANCE SHEET: LIABILITIES
(Rs. In Lakh)

Period Ends on:	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
Result Type:	Actual	Actual	Actual	Actual
Total Paid Up Equity Share Capital	1.00	1.00	1.00	200.00
GROSS RESERVES	0	8.61	46.46	1,542.86
NET RESERVES	-0.2	8.52	45.07	1,542.86
TANGIBLE NET WORTH	0.8	9.52	46.07	1,742.86
Rupee Term Loans	0	0	0	61.90
Other Long Term Loans	0	0	0	43.86
TOTAL LONG TERM DEBT	0	0	0	105.76
Current Portion of Long Term Debt and Fixed Deposits	0	0	0	-23.38
NET LONG TERM DEBT	0	0	0	82.37
Other Short Term Loans & Advances	6.75	0	0	0
Loans & Advances from promoters ;other affiliated cos.	0	46.00	0	0
Current Portion of Long Term Debt and Fixed Deposits	0	0	0	23.38
TOTAL SHORT TERM DEBT	6.75	46.00	0	23.38
Creditors for goods	0.91	1,848	5,952.58	16,221.22
Advances; deposits recd from customers :related to ops.	0	0	13	10,666.65*
Other Current Liabilities :related to ops.	4.81	7.21	101.64	296.84
TOTAL CURRENT LIABILITIES	5.72	1,855.21	6,067.21	27,184.71
Provision for Taxes	0	0	0.29	94.59
Other Provisions ; regular	0	0	0	20.43
TOTAL SHORT TERM PROVISIONS	0	0	0.29	115.02
TOTAL CURRENT LIABILITIES AND PROVISIONS; RELATED TO OPERATIONS	5.72	1,855.21	6,067.5	27,299.72
TOTAL OUTSIDE LIABILITIES	6.75	46	0	105.76
TOTAL LIABILITIES	13.43	1,910.93	6,115.4	29,150.86

* advances received from RICHO

Comments:
Equity share capital

- FDS has 2,000,000 equity shares with a face value of Rs.10 each as on March 31 , 2015.

Long-term borrowings

- The total long-term borrowings of the company as on March 31, 2015, mainly comprise Business loan (ag.FDR) and vehicle loan (eg. Hyp of car) from HDFC bank.
- The company had availed business loan of Rs.80.00 lakh in August 2014, the outstanding amount as on August 30, 2015, is Rs.45.88 lakh to be paid by September 2016.
- The company had no long-term borrowings during FY12-FY14.

Short-term borrowings

- Short-term borrowings outstanding as on March 31, 2015, comprise current loan repayment, further company had no outstanding short-term borrowing as on March 31, 2014.
- Short-term borrowings of Rs.46.00 lakh outstanding as on March 31, 2013, comprised loan from relatives.

Trade payable

(Rs lakh)

Parameters	March 2012	March 2013	March 2014	March 2015
Trade payable (Rs. lakh)	0.91	1,848	5,952.58	16,221.22
<i>Average Creditors Period (days)</i>	-	195	103	64
As % of total liabilities	6.78%	96.71%	97.34%	55.65%

- FDS's trade payables outstanding as on March 31, 2015, include creditors for goods. The average creditor's period stood at 64 days in FY15 (compared with 103 days in FY14).

Short-term provision

(Rs. Lakh)

Parameters	March 2012	March 2013	March 2014	March 2015
Total short-term provisions	0.00	0.00	0.29	115.02
Provision for income tax	0.00	0.00	0.29	94.59
Other Provision	97.04	94.84	125.56	20.43
As % of total liabilities	NM	NM	0.00%	0.39%

- Total short-term provision mainly comprise provision for income tax, provision for gratuity and provision leave encashment payable.

Details of the related party transactions

Related Party	Nature of the Relationship
Mr Amalendu Mukherjee	Key Managerial Personnel
Ms Namita Mukherjee	Key Managerial Personnel
Rudra Enterprises	Enterprise under significant influence of Key Management Personnel (Disassociated w.e.f 30.03.2015)
New Code IT Services Pvt Ltd	Enterprise under significant influence of Key Management Personnel (Disassociated w.e.f 08.08.2015)
RNM IT Solutions Pvt Ltd	Enterprise under significant influence of Key Management Personnel (Disassociated w.e.f 08.05.2015)
Mr Rajeev Sharma	Director (resigned w.e.f 03.04.2013)
Ms Richa Bhargava	Director (resigned w.e.f 03.04.2013)
Thumbspeed Tech Solutions Pvt Ltd	Subsidiary

(Rs. Lakh)

Name of related Party	Nature of transaction	March 2012	March 2013	March 2014	March 2015
Rudra Enterprises	Purchase of Goods/Services	0.00	0.00	34.12	1429.74
New Code IT Services Pvt Ltd	Purchase of Goods/Services	0.00	0.00	0.00	922.43
RNM IT Solutions Pvt Ltd	Purchase of Goods/Services	0.00	0.00	0.00	337.20
Rudra Enterprises	Loan & Advances given/received/adjusted during the year (Net)	0.00	20.00	457.00	0.00
Mr Rajeev Sharma	Loan & Advances given/received/adjusted during the year (Net)	0.70	0.00	0.00	0.00
Ms Richa Bhargava	Loan & Advances given/received/adjusted during the year (Net)	0.00	5.80	0.00	0.00
Rudra Enterprises	Loans & Advances received/adjusted during the year (Net)	0.00	0.00	181.00	314.11
Ms Richa Bhargava	Loans & Advances received/adjusted during the year (Net)	5.80	0.00	0.00	0.00
Rajeev Sharma	Loans & Advances received/adjusted during the year (Net)	0.00	5.70	0.00	0.00
Thumbspeed Tech Solutions Pvt. Ltd.	Investments Made	0.00	0.00	0.00	124.99

Details of Transaction with key management personnel

(Rs lakh)

Name of related Party	Nature of transaction	March 2012	March 2013	March 2014	March 2015
Mr Amalendu Mukherjee	Directors Remuneration	5.40	4.80	48.00	120.00
Ms Namita Mukherjee	Directors Remuneration	0.00	0.00	11.50	30.00
Mr Amalendu Mukherjee	Loan & Advances given/received/adjusted during the year (Net)	0.00	25.05	29.92	0.00
Mr Amalendu Mukherjee	Loans & Advances received/adjusted during the year (Net)	0.95	15.47	0.00	28.55

Dividend Policy

- FDS does not have a formal dividend policy. Furthermore, FDS has not paid any dividend in the past four financial years.

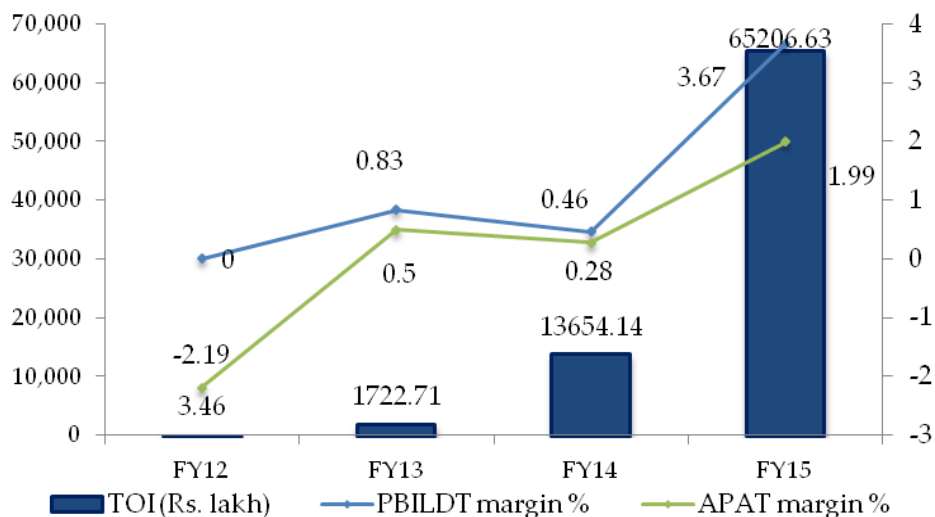
FINANCIAL PERFORMANCE - SUMMARY OF RATIOS

Period Ends on:	March 2012	March 2013	March 2014	March 2015
Result Type:	Actual	Actual	Actual	Actual
KEY FINANCIAL RATIOS				
Growth Ratios				
Growth in Net sales	NM	49,674.63	692.49	377.18
Growth in Total Operating Income	NM	49,675.04	692.59	377.56
Growth in PBILDT	NM	NM	340.9	3,692.78
Growth in APAT	NM	NM	335.99	3324.5
Profitability Ratios				
Gross Margin	18.25	68.74	12.4	19.94
Gross Margin on traded goods	18.25	1.07	1.26	3.6
PBILDT Margin	-575.05	0.83	0.46	3.67
PBIT Margin	-591.82	0.75	0.41	3.42
OPBT Margin	-593.25	0.74	0.38	3.32
OPAT Margin	562.16	0.5	0.26	2.18
APAT Margin	-2.19	0.5	0.28	1.99
Operating ROCE	NM	40.73	107.02	274.44
ROCE (Total)	NM	40.73	112.6	214.29
RONW	NM	168.26	136.21	144.94
Average Cost of Borrowings	NM	1	18.34	113.94
Turnover Ratios				
Operating Capital Turnover Ratio	NM	54.14	259.81	80.36
Fixed Assets Turnover Ratio	NM	301.84	77.16	71.27
Working Capital Turnover Ratio	NM	79.69	-93.47	-248.74
Average Inventory Period (days)	NM	36	12	32
Average Collection Period (days)	NM	141	47	23
Average Creditors Period (days)	NM	195	103	64
Working Capital Cycle (days)	NM	-18	-45	-8
Solvency Ratios				
Debt Equity Ratio	NM	NM	NM	0.06
Overall Gearing Ratio (Including Acceptances / Creditors on LC)	8.39	4.83	NM	0.06
Overall Gearing Ratio (Excluding Acceptances / Creditors on LC)	8.39	4.83	NM	0.06
Adjusted Debt Equity Ratio	NM	NM	NM	0.07
Adjusted Overall Gearing	8.39	4.83	NM	0.07
Term Debt (including CPLTD) / Gross Cash Accruals	NM	NM	NM	0.07
Total Debt / Gross Cash Accruals	9.77	4.54	NM	0.07
Interest Coverage (PBILDT / Interest)	-402.59	54.19	14.98	39.76
PBIT / Interest	-414.33	49.02	13.33	36.96
Adjusted Interest Coverage	-402.59	54.19	14.98	39.76
Current Ratio	0.63	1	0.95	0.99
Quick Ratio	0.63	0.82	0.85	0.60

*- Annualised

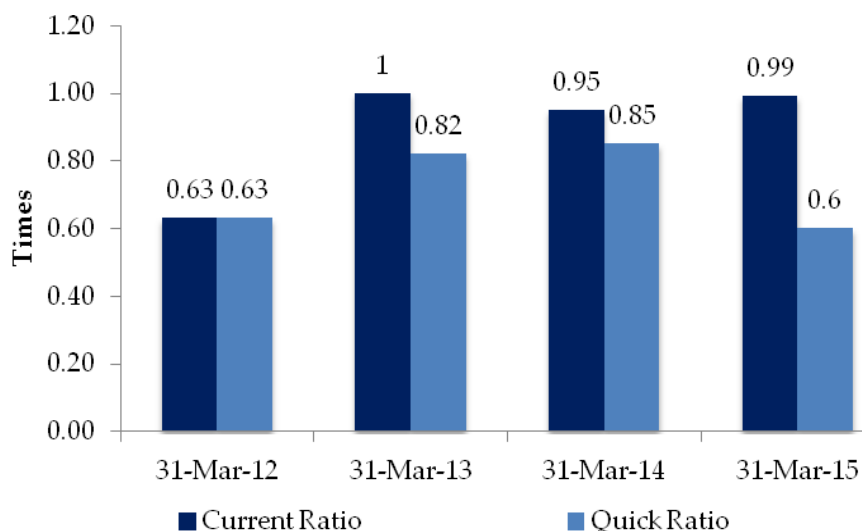
FINANCIAL PERFORMANCE – PROFITABILITY Analysis

Profitability Analysis



Comments:

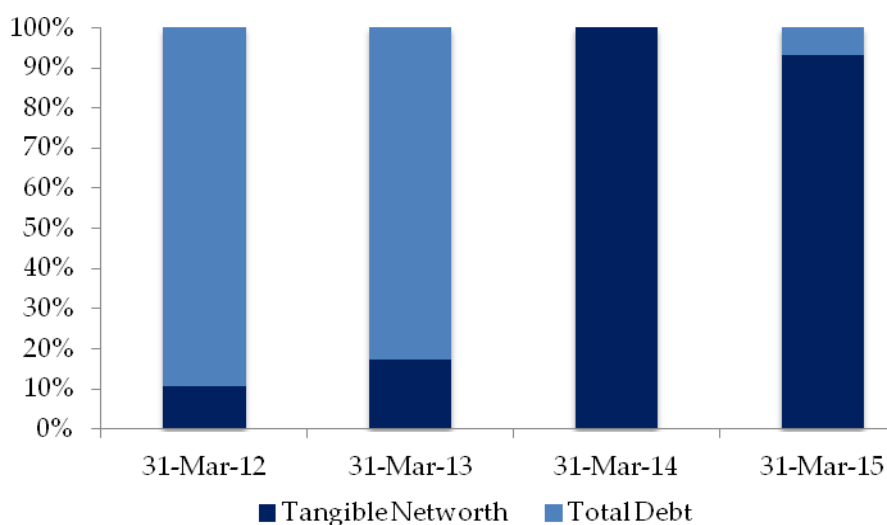
- The company is engaged in trading & servicing of IT-related products. The products of the company provide moderate value addition.
- The overall profitability margin of the company has increased significantly in FY15 mainly on account of increase in contribution of service business towards income which provides better margins as compared with trading segment.
- The decline in profitability in FY14 was primarily on account of consultancy expense amounting to Rs.118.95 lakh incurred.
- Moreover, as FY12 was the first year of operations the company had incurred losses on account of low market penetration, high competition from established players coupled with higher input costs.

FINANCIAL PERFORMANCE - LIQUIDITY ANALYSIS
Liquidity Analysis

Liquidity Ratio

Particulars	March 31, 2013	March 31, 2014	March 31, 2015
Working Capital Turnover Ratio	79.69	-93.47	-248.74
Average Inventory Period (days)	36	12	32
Average Collection Period (days)	141	47	23
Average Creditors Period (days)	195	103	64
Working Capital Cycle (days)	-18	-45	-8

Comments:

- FDS's liquidity profile is moderate marked by current ratio of 0.99 and quick ratio of 0.60. Furthermore, the operating cycle of the company is moderate marked by moderate levels of inventory and collection period. The working capital cycle of the company is majorly being funded by high creditor. Moreover, the company plans to utilise the issues proceed to meet the working capital requirement of the company. The company has a dropline overdraft facility of Rs.205.00 lakh.

FINANCIAL PERFORMANCE - FINANCIAL FLEXIBILITY
Capital Structure

Capital Structure Ratio

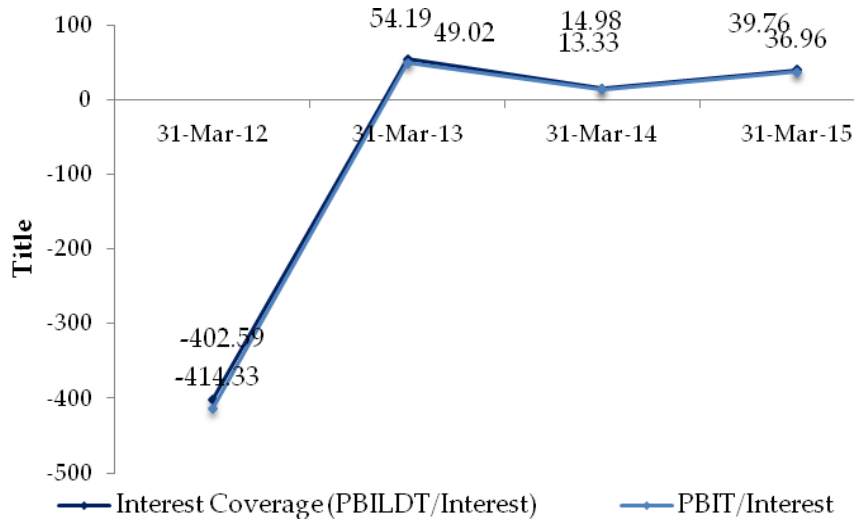
Particulars	March 31, 2013	March 31, 2014	March 31, 2015
Debt Equity Ratio	NM	NM	0.06
Overall Gearing Ratio (Including Acceptances / Creditors on LC)	4.83	NM	0.06
Overall Gearing Ratio (Excluding Acceptances / Creditors on LC)	4.83	NM	0.06
Adjusted Debt Equity Ratio	NM	NM	0.07
Adjusted Overall Gearing	4.83	NM	0.07
Average Cost of Borrowings	1.00	18.33	113.93
Total Outside Liabilities to Networth	199.77	131.69	15.65

Comments:

The long-term debt level seems to be comfortable marked by debt equity of 0.06 as on March 31, 2015. The overall capital structure of the company has remained comfortable mainly on account of lower reliance on external borrowing. The total outside liabilities to net worth has improved significantly in FY15, mainly on account of accretion of profits to reserves; however, it continues to be weak.

FINANCIAL PERFORMANCE - DEBT PROTECTION INDICATORS

Debt Coverage



Comments:

With low level of debt utilisation, the debt coverage indicators of FDS remained comfortable marked by total debt to GCA of 0.07 time as on March 31, 2015, and interest coverage of 40 times during FY15 (compared with 14.97 times during FY14).

BANKERS & AUDITORS DUE DILIGENCE

Stake holder		Feedback
Bankers & Lenders- HDFC Bank Limited	Mr Arvind Kumar	There was no answer on the number contacted as provided in the DRHP
	011 27554399	
Auditor	Sain Kanwar & Associates	Satisfactory
	CA Kanwar Sain	
	9818420296	

Key Findings

Key Findings	Company Comment	CARE Comment
<p>High Reliance on promoters in key decision making.</p> <p>Majority of the critical decisions in the company are being taken by the promoter. Average experience of second line of management with the company has been less than a year, and its ability to quickly integrate with the company will be critical.</p>	<p>The company has no succession plan at present. However, there is a second line of management, heading every function, which is experienced.</p>	<p><i>It can be stated that there is no succession plan at present as the company is at its initial years of operations. Furthermore, second line management is well-experienced, however, the management's ability to quickly integrate with the company will be critical.</i></p>
<p>Continuity of profitability margins.</p>	<p>No comments</p>	<p><i>CARE understands that trading business fetches low profitability margin as compared with the service segment. The profitability margin in future years will be majorly affected by growth of service business.</i></p>
<p>Operational linkages with group company, ie, Thumbspeed Tech Solutions Private Limited (TTS)</p>	<p>TTS is engaged in a similar line of business as FDS, further, the top management, employees is common for both the companies.</p>	<p><i>There are operational synergies being derived by common management, employees and similar nature of business.</i></p>
<p>Dealing with well reputed clientele.</p>	<p>The company has been dealing with reputed clients like Bharat Sanchar Nigam Limited, LIC, Rail Tel Corporation of India Ltd and other semi-government bodies.</p>	<p><i>CARE understands that FDS has been dealing with reputed clients in its IT segment; however, the proportion of income earned from the reputed client was not provided. Therefore, CARE is unable to comment on the extent of revenue diversification from the customers.</i></p>
<p>Banker due diligence</p>	<p>-</p>	<p><i>CARE was unable to carry out banker due diligence as the number provided in the DRHP was not reachable, and the management has not provided alternative number.</i></p>

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