

Independent Auditor's Report

To the Members of

ALLIED DIGITAL SERVICES LTD

Report on the Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **ALLIED DIGITAL SERVICES LTD** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

Management Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, profit or loss, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our Audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state affairs of the Company as at 31st March, 2018, and its profit, other comprehensive income, its changes in equity and its cash flows for the year ended on that date.

Emphasis of Matters

Without qualifying our opinion we invite attention to the following matters:

1. Balances relating to Trade Receivables and Loans and Advances are pending for confirmations from the respective parties. Adjustments if any will be made in the year in which the confirmations are received.

2. In respect of Investment in subsidiaries, the Company has not made any provisions for diminution in the value of these Investments inspite of there being negative net worth, in view of future business plan of said subsidiary company.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the order') issued by Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**" and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note 26 to the Ind AS financial statements;
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses and
 - c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company except for ₹ 1.62 Lakhs pertaining to unclaimed dividend for FY 2008-09 and FY 2009-10.

For SHAH & TAPARIA
Chartered Accountants
FRN: 109463W

Ramesh Pipalawa
Partner
Membership No.: 103840

Mumbai
28th May, 2018

“Annexure A” to Independent Auditor’s Report

Referred to in paragraph 1 under the heading “Report on Other Legal and regulatory Requirements” of our Report of even date to the financial statements of the company for the year ended March 31, 2018

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The company has a regular programme of physical verification of its fixed assets by which fixed assets were physically verified during the year by management. According to the information and explanations given to us, no material discrepancies were noticed on such verification;
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the company.
- (ii) The inventory has been physically verified during the year by the management. In our opinion the frequency of verification is reasonable. As per the information an explanation given to us, no material discrepancies were noticed on physical verification.
- (iii) The company has granted interest free unsecured loan to two parties covered in the register maintained under section 189 of the Companies Act:
 - a) The terms and conditions of the grant of such loans are not prejudicial to the Company’s interest.
 - b) The terms of arrangements do not stipulate any repayment schedule and these are repayable on demand. Accordingly reporting requirements of clause 3(iii) (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to information and explanation given to us, the provisions of Sections 185 and 186 of the Act are applicable to the company.
- (v) The company has not accepted any deposits from the public during the FY 2017-18. However, in respect of existing deposits the outstanding amount towards the principal and interest in respect of some unclaimed deposits is as under:

Principal amount due as on 31.03.2018	Interest due upto 31.03.2018	Total dues as at 31.03.2018
₹ 33.84 lacs	₹ 5.42 lacs	₹ 39.26 lacs

- (vi) As informed to us, the maintenance of Cost Records has not been prescribed by the Central Government under sub-section (1) of section 148 of the Act, in respect of any of the activities carried out by the company.
- (vii) According to the information and explanations given to us, in respect of statutory dues,
 - (a) The Company has not generally been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Sales Tax and Value Added Tax, Service Tax and other material statutory dues applicable to it with the appropriate authorities.

There were undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Sales Tax and Value Added Tax, Service Tax, Cess, GST and other material statutory dues in arrears as at 31st March 2018 for a period of more than six months from the date they became payable. Details are as under:-

Particulars	Period	Amount (₹ In Lacs)
Provident Fund (F.Y. 2014-15 to 2017-18)	2014-15	238.3
ESIC (F.Y. 2014-15 to 2017-18)	2014-15	46.29
Profession Tax (F.Y. 2014-15 to 2017-18)	2014-15	16.29
Service Tax (F.Y. 2015-16 to 2017-18)	2015-16	97.25

- (c) Details of dues of Sales Tax and Value Added Tax, Service Tax and Income Tax which have not been deposited as at March 31, 2018 on account of disputes are given as below:

S. No.	Name of the Statute	Nature of Dues	Amount (Rs. In lacs)*	Period to which the amount relates	Forum where dispute is pending
1	Income Tax Act, 1961	Income Tax	153.56	AY 2006-07 to 2012-13	Income Tax Appellate Tribunal
	Total		153.56		

*net of amounts paid under protest.

- (ix) Based upon the audit procedures performed and the information and explanations given by the management, the company did not raise any money by way of initial public offer or further public offer including debt instruments. The term loans outstanding at the beginning of the current year and those raised during the current year have been applied for the purposes for which those were raised.
- (x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- (xi) According to information and explanations given to us and based on our examination of the records of the company, the company has paid/provided for the managerial remuneration as provided under section 197 (read with Schedule V) of the Act.
- (xii) In our opinion and according to the information and explanations give to us, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company has not made preferential allotment or private placement of fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- (xvi) In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company and hence not commented upon.

For SHAH & TAPARIA
Chartered Accountants
FRN: 109463W

Ramesh Pipalawa
Partner
Membership No.: 103840

Mumbai
28th May, 2018

“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of Allied Digital Services Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Allied Digital Services Limited (“the Company”) as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For SHAH & TAPARIA

Chartered Accountants

FRN: 109463W

Ramesh Pipalawa

Partner

Membership No.: 103840

Mumbai

28th May, 2018