

**FCRD RHODES PARKS & CO LLP**  
CHARTERED ACCOUNTANTS  
(Formerly Ford, Rhodes, Parks & Co.)

**Independent Auditor's Report**  
**To the members of Leading Edge Infotech Limited**  
**Report on the Financial Statements for the year ended 31<sup>st</sup> March, 2016**

We have audited the accompanying financial statements of Leading Edge Infotech Limited ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the 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 the financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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

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(A Partnership Firm with Registration No:BA61078 Converted into a Limited Liability Partnership (LLP) namely FORD RHODES PARKS & CO LLP w.e.f. August 4, 2015 – LLP Identification No.AAE4990

Also at : MUMBAI • KOLKATA • CHENNAI

## FORD RHODES PARKS & CO LLP

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its loss and its cash flows for the year ended on that date.

### Emphasis of matter

We draw attention to

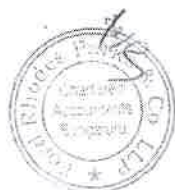
- a. Note no. 10 to financial statements regarding physical verification of fixed assets and
- b. Note no. 25 to financial statements regarding preparation of accounts on going concern basis.

(As fully described in note)

Our opinion is not qualified in respect of above matter.

### Report on Other Legal and Regulatory Requirements

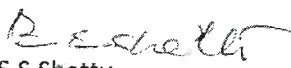
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as issued by Central Government of India in terms of sub section (11) of section 143 of Companies Act, 2013 (18 of 2013) we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - i. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;



**FORD RHODES PARKS & CO LLP**

- ii. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- iv. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 ; and
- v. on the basis of written representations received from the directors as on 31<sup>st</sup> March 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2016, from being appointed as a director in terms of sub section (2) of section 164 of the Companies Act, 2013.
- vi. 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**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting
- vii. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial - Refer Note No. 22 & 29 to the financial statements;
  - ii. As represented by the company, there are no long-term contracts including derivative contracts having material foreseeable losses - Refer Note No. 30 to the financial statements;
  - iii. As represented by the company, there is no amount required to be transferred to Investor Education and Protection Fund by the Company - Refer Note No. 31 to the financial statements.

FOR FORD RHODES PARKS & CO.LLP  
Chartered Accountants  
ICAI FR No. 102860W/W100089

  
B.S.S.Shetty  
Partner  
Membership No.6031F

Place: Mumbai  
Date: 17th May 2016



## FORD RHODES PARKS & CO LLP

### Annexure to the Auditors' Report

[Referred to in paragraph pertaining to "Report on Other Legal and Regulatory Requirement" of our Report of even date to the members of Leading Edge Infotech Limited on the financial statements for the year ended 31<sup>st</sup> March, 2016]

1. a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
b) Fixed Assets have not been physically verified by the management during the year.  
c) The company does not have any immovable properties. Hence provision of the clause 3 (i)(c) of the Order is not applicable to the Company.
2. The Company did not hold any inventories during the financial year. Thus the provision of clause 3 (ii) of the Order are not applicable.
3. The Company has granted unsecured loans, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. The loans are interest free and there are no stipulations as to repayment of the loan. In our opinion and according to the information and explanation given to us, the terms and conditions of the loans given by the company are prima facie not prejudicial to the interest of the company.
4. In our opinion and according to information and explanation given to us, the company has complied with the provision of Section 186 of the Act with respect to its Investments. The company has given securities and guarantees, in compliance with section 185 and 186 of the Act. The company has granted Loans and advances u/s. 185 and 186 of the Act which as per the information and explanations given by the company to us and as described in the financial statements are interest free. However, due to bad financial position is unable to regularize the advances given earlier. These advances may not be meeting the requirements of section 185 and some clauses of section 186 of Companies Act 2013.
5. The company has not accepted deposits from public, within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act 2013.
6. The Central Government has not prescribed maintenance of cost records under section (1) of section 148 of the act in respect of any of company's products or activities, as such clause vi of the order is not applicable to the company.
7. a) According to the information and explanation given to us and records of the company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, employee's state insurance fund, income tax, service tax, custom duty, excise duty, cess and any other statutory dues with the appropriate authorities. There are no undisputed statutory dues payable for a period of more than six month from the date they become payable as at 31<sup>st</sup> March 2016.  
b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Excise, service tax, customs duty and entry tax as at 31<sup>st</sup> March 2016, which has not been deposited on account of dispute. The particulars of the dues of income tax as at 31<sup>st</sup> March, 2016 which has not been deposited on account of dispute, is as follows:

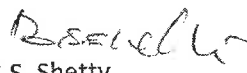
Name of Statute	Claim Period (Assessment Year)	Net Liability incl. of Interest in Rs.	Forum where dispute is pending
Tax deducted at source as per TRACES	Various Years	4,54,347	ITO TDS-Rectification filed/ to be filed



## FORD RHODES PARKS & CO LLP

8. The Company has not raised any fund by way of debentures or thru bank, Financial institution or Government. Hence Clause 3 (viii) of the Order is not applicable.
9. The Company has not raised and fund by way of any Initial Public Offer or further public offer or term loan. Hence provision of the clause 3 (ix) of the Order are not applicable to the Company.
10. Based upon the audit procedures performed and information and explanations given by the management and to the best of our knowledge, we report that we have not come across any instances of fraud by the company or any material fraud on the company by its officers or employees that have been noticed or reported during the year nor have we been informed of such a case by management.
11. The company has not paid / provided any remuneration to Key Managerial personnel. Hence provision of the clause 3 (xi) of the Order are not applicable to the Company.
12. The Company is not a Chit Fund Company/or nidhi/ mutual benefit fund/society. As such Clause 3(xii) of the order is not applicable to the Company.
13. All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable Accounting Standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year
15. The company has not entered into non-cash transactions covered by Section 192 of Companies Act, 2013 with directors or persons connected with them.
16. The company is not engaged in the business of non-banking financial institution (NBFI) and not required to obtain a Certificate of Registration (CoR) from Reserve Bank of India to commence/carry on business of NBFI in terms of Section 45-IA of the RBI Act, 1934.

For FORD RHODES PARKS & CO.LLP  
Chartered Accountants  
ICAI Firm Registration No.102860W/W100089

  
B.S.S. Shetty  
Partner  
Membership No. 6031F

Place: Mumbai  
Date: 17th May 2016





[Referred to in paragraph pertaining to "Report on Other Legal and Regulatory Requirement" of our Report of even date to the members of Leading Edge Infotech Limited on the financial statements for the year ended 31<sup>st</sup> March, 2016]

**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 **Leading Edge Infotech Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (IFCOFR) issued by the Institute of Chartered Accountants of India. 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. These 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 judgments, 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.



## FORD RHODES PARKS & CO LLP

### Meaning of Internal Financial Controls Over Financial Reporting

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

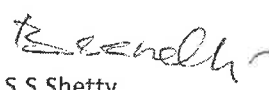
### Opinion

In our opinion to the best of our information and according to explanation 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, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR FORD RHODES PARKS & CO.LLP

Chartered Accountants

ICAI Firm Registration No.102860W/W100089

  
B.S.S.Shetty

Partner

Membership No.6031F

Place. Mumbai

Date: 17th May 2016



LEADING EDGE INFOTECH LIMITED  
BALANCE SHEET AS AT MARCH 31, 2016

(Figures in ₹)

	Note	As at March 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	3	5,000,000	5,000,000
Reserves And Surplus	4	(28,712,270)	(25,658,782)
		(23,712,270)	(20,658,782)
<b>NON - CURRENT LIABILITIES</b>			
Long-Term Borrowings	5	24,484,314	21,336,283
Long-Term Provisions	6	86,369	48,418
		24,570,683	21,384,701
<b>CURRENT LIABILITIES</b>			
Trade Payables	7	397,027	118,404
Other Current Liabilities	8	50,001	301,704
Short-Term Provisions	9	1,245,910	1,010,663
		1,692,938	1,430,771
<b>Total</b>		<b>2,551,351</b>	<b>2,156,691</b>
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Fixed Assets			
- Tangible Assets	10	10,868	12,980
		10,868	12,980
Non-Current Investments	11	50,000	50,000
Long-Term Loans And Advances	12	1,982,461	1,707,312
		2,032,461	1,757,312
<b>CURRENT ASSETS</b>			
Trade receivables	13	-	-
Cash And Bank Balances	14	460,622	362,231
Short-Term Loans And Advances	15	7,500	5,268
Other Current Assets	16	39,900	18,900
		508,022	386,399
<b>Total</b>		<b>2,551,351</b>	<b>2,156,691</b>

General information & significant accounting policies 1-2

Notes to accounts 3-32

General information, significant accounting policies & notes are an integral part of these financial statements.  
As per our attached report of even date.

For Ford Rhodes Parks & Co. LLP

Chartered Accountants

Firm Registration Number: 102860W/W100089

For and on behalf of the Board of Directors

B. S. S. Shetty

Partner

Membership No. : 6031F

R. Ganapathi

Director

Parthasarathy Iyengar

Director

Mumbai: May 17, 2016

Mumbai: May 17, 2016



LEADING EDGE INFOTECH LIMITED  
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(Figures in ₹)

	Note	Year Ended March 31, 2016	Year ended March 31, 2015
<b>REVENUE :</b>			
Revenue From Operations	17	1,816,219	1,546,850
Other Income	18	24,032	27,097
<b>TOTAL REVENUE</b>		<b>1,840,251</b>	<b>1,573,946</b>
<b>EXPENSES:</b>			
Employee Benefits Expenses	19	4,557,111	5,674,164
Finance Costs	20	4,223	3,205
Depreciation And Amortisation Expenses	10	2,112	2,112
Other Expenses	21	330,293	680,675
<b>TOTAL EXPENSES</b>		<b>4,893,739</b>	<b>6,360,156</b>
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>(3,053,488)</b>	<b>(4,786,210)</b>
Tax Expenses		-	-
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b>(3,053,488)</b>	<b>(4,786,210)</b>

Earnings per equity share: [Nominal Value per share:  
₹.10 (Previous year - ₹.10)]

	24		
Basic		(6.11)	(9.57)
Diluted		(6.11)	(9.57)

General information & significant accounting policies 1-2

Notes to accounts 3-32

General information, significant accounting policies & notes are an integral part of these financial statements.

As per our attached report of even date.

**For Ford Rhodes Parks & Co. LLP**  
Chartered Accountants  
Firm Registration Number: 102860W/W100089

**For and on behalf of the Board of Directors**

**B. S. S. Shetty**  
Partner  
Membership No. : 6031F  
Mumbai: May 17, 2016

**R. Ganapathi**  
Director

**Parthasarathy Iyengar**  
Director

Mumbai: May 17, 2016

LEADING EDGE INFOTECH LIMITED  
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(Figures in `)

	Year Ended March 31, 2016	Year ended March 31, 2015 Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	(3,053,488)	(4,786,210)
Adjustments for:		
Depreciation, amortization and impairment	2,112	2,112
Finance charges	4,223	3,205
Interest income	(18,032)	(21,097)
Dividend Income	(6,000)	(6,000)
	(17,697)	(21,779)
Operating profit / (loss) before working capital changes	(3,071,185)	(4,807,990)
Adjustments for:		
(Increase)/ decrease in loans and advances and other current and non-current assets	(215,015)	(177,688)
Increase/ (decrease) in trade payables and other current and non-current liabilities and provisions	300,118	530,729
	85,103	353,041
Cash generated from / (used in) operations	(2,986,083)	(4,454,949)
Less : Taxes paid	-	-
<b>NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>(2,986,083)</b>	<b>(4,454,949)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Dividend income	6,000	6,000
Interest income	18,032	21,097
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<b>24,032</b>	<b>27,097</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loans/ Advance from Holding/Subsidry Company (Given)/Received (Repaid)/Receive Back (net of repayments)	3,064,665	3,951,406
Finance charges	(4,223)	(3,205)
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>	<b>3,060,442</b>	<b>3,948,201</b>
<b>D NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>98,391</b>	<b>(479,652)</b>
<b>E Cash and cash equivalents - opening balance</b>	<b>112,231</b>	<b>591,883</b>
<b>F Cash and cash equivalents - closing balance (refer note no. 14)</b>	<b>210,622</b>	<b>112,231</b>

Notes:

- The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard – 3 on Cash Flow Statements, as specified in the Companies (Accounting Standards) Rules, 2006.
- Previous year figures have been regrouped where necessary.
- Cash and cash equivalentse excludes ₹. 250,000 (₹. 250,000) Fixed Deposits having maturity period exceeding 3 months but less than 12 months.

As per our attached report of even date.

For Ford Rhodes Parks & Co. LLP  
Chartered Accountants  
Firm Registration Number: 102860W/W100089

For and on behalf of the Board of Directors

B. S. S. Shetty  
Partner  
Membership No. : 6031F  
Mumbai: May 17, 2016

R. Ganapathi  
Director  
Mumbai: May 17, 2016

Parthasarathy Iyengar  
Director

## 1. General Information

Leading Edge Infotech Limited ('LEIL' or 'the Company') was incorporated on 16 July 1996. LEIL is engaged primarily in providing software maintenance services for the financial services market in India. The Company is a wholly owned subsidiary of Trigyn Technologies Limited ('TTL').

## 2. Significant Accounting Policies

### A. Basis of Preparation

The Financial statement of the Company have been prepared on accrual basis under historical cost Convention, in accordance with generally accepted accounting principles in India (Indian GAAP) to comply with the accounting standards specified in section 133 of the Companies act, 2013 read with rule 7 of the Companies (Accounts) Rules 2014 and relevant provisions of the Companies act, 2013. Accounting policies have been consistently applied except where a newly issued accounting Standard is initially adopted or a revision to the Existing accounting Standard or a more appropriate presentation of the financial statements requires a change in the accounting policy hitherto in use.

### B. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenue and expenses during the reporting periods. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

### C. Fixed Assets

#### Tangible

Tangible assets are stated at cost of acquisition, less accumulated depreciation/ amortization and impairments, if any. Cost includes taxes, duties, freight and other incidental expenses related to acquisition.

#### Intangible Assets

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Application software capitalized as Intangible Asset is normally amortized over a period of four years or over its useful life before it becomes obsolete, whichever is earlier

The company has a policy to carryout physical verification every alternate year which in our opinion is reasonable having regard to value of assets

#### D. Depreciation and Amortization

Depreciation on additions and disposals is provided pro-rata for the period of use.

Depreciation is provided on Straight Line Method, over the period of estimated useful life of the assets, as stipulated in Schedule II to the Companies Act 2013 or based on useful life wherever assessment is carried out by the management as per technical advice. The useful lives which are different from Schedule II are as follows:-

The useful lives of fixed assets as estimated by the management are:

Asset	Useful life
Computers	3 years
Office Equipment	3 years to 4 years

Application software capitalized as Intangible Asset is normally amortized over a period of four years or over its useful life before it becomes obsolete, whichever is earlier.

#### E. Revenue Recognition

Income from annual maintenance contract is recognized over the period of the contract.

Interest and Other income are accounted for on accrual basis except where the receipt of income is uncertain in which case it is accounted for on receipt basis. Dividend income is recognized when the right to receive dividend is established.

#### F. Retirement Benefits

##### Gratuity

Gratuity costs, which are defined benefits, are provided as at the balance sheet date on an arithmetical basis and resultant difference are immediately recognized in the statement of Profit and Loss. Gratuity is funded through LIC and hence outstanding liability towards contribution to Gratuity fund included under 'Short Term Provisions'

##### Provident Fund

Contributions to the provident fund, which is a defined contribution scheme, are charged to the profit and loss account in the year in which the contributions are due.

##### Leave Encashment

Leave encashment costs are provided for as at the balance sheet date on arithmetical basis.

#### G. Current and Deferred Tax

Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of Section 115JB of the Income tax Act, 1961) over normal income-tax is recognised as an asset by crediting the Statement of Profit and Loss only

when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of ten succeeding assessment years.

Deferred tax expense or benefit is recognised on timing differences being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available to realise such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and the Company intends to settle the asset and liability on a net basis.

#### **H. Investments**

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

#### **I. Leases**

Assets given under operating lease are reflected in the financial statements under fixed assets. Further, lease income from such operating lease arrangements have been recognised in the statement of profit and loss on a straight line basis over the lease term.

#### **J. Foreign Currency Transactions**

##### Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

##### Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.



All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

Exchange differences on restatement of all other monetary items are recognized in the Statement of Profit and Loss.

#### **K. Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

#### **L. Impairment of Assets**

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at appropriate discount rates. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

#### **M. Provision and contingent liabilities**

**Provisions:** Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.

(Figures in ₹)  
As at  
March 31, 2016      As at  
March 31, 2015

**3. SHARE CAPITAL**

(a) Authorised 500,000 (Previous year: 500,000) equity shares of ₹. 10 each.	5,000,000	5,000,000
(b) Issued, subscribed and fully paid-up 500,000 (Previous year: 500,000) equity shares of ₹.10 each fully paid up.	5,000,000	5,000,000
<b>Total</b>	<b>5,000,000</b>	<b>5,000,000</b>

(c) Reconciliation of number of shares

	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the year	500,000	5,000,000	500,000	5,000,000
Shares issued during the year				
<b>Balance as at the end of the year</b>	<b>500,000</b>	<b>5,000,000</b>	<b>500,000</b>	<b>5,000,000</b>

(d) Rights, preferences and restrictions attached to equity shares -

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(e) Shares held by the holding company:

Entire share capital is held by Trigyn Technologies Limited, the holding company and its nominees.

(f) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Trigyn Technologies Limited and its nominees	500,000	100%	500,000	100%

(g) There are no shares reserved for issue under options, contracts / commitments for sale of shares / disinvestments.

(h) Particulars of calls in arrears by directors and officers of the company. - Nil

(i) There are no shares forfeited during the year.

(j) Security convertible into equity shares: Nil

LEADING EDGE INFOTECH LIMITED  
NOTES TO FINANCIAL STATEMENTS

(Figures in ₹)

	As at March 31, 2016	As at March 31, 2015
<b>4. RESERVES AND SURPLUS</b>		
Surplus / (Deficit) in Statement of profit and loss		
Balance as at the beginning of the year	(25,658,782)	(20,872,572)
Loss for the year	(3,053,488)	(4,786,210)
Balance as at the end of the year	(28,712,270)	(25,658,782)
<b>Total</b>	<b>(28,712,270)</b>	<b>(25,658,782)</b>
<b>5. LONG-TERM BORROWINGS</b>		
Unsecured:		
Interest Free Loan from Holding Company (Refer Note 26)	24,484,314	21,336,283
<b>Total</b>	<b>24,484,314</b>	<b>21,336,283</b>
<i>The loan is interest free and there are no stipulations for repayment.</i>		
<b>6. LONG-TERM PROVISIONS</b>		
Provision for employee benefits:		
- Compensated absences	86,369	48,418
<b>Total</b>	<b>86,369</b>	<b>48,418</b>
<b>7. TRADE PAYABLES</b>		
Trade payables	397,027	118,404
<b>Total</b>	<b>397,027</b>	<b>118,404</b>
<i>There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding as at March 31, 2016. This information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Company. The auditors have relied on management representation.</i>		
<b>8. OTHER CURRENT LIABILITIES</b>		
Statutory dues including provident fund and tax deducted at source		
	50,001	168,601
Employee benefits payable	-	133,103
<b>Total</b>	<b>50,001</b>	<b>301,704</b>
<b>9. SHORT-TERM PROVISIONS</b>		
Provision for employee benefits:		
- Gratuity	765,123	614,594
- Compensated absences	448,819	271,506
provision for expenses	31,968	124,563
<b>Total</b>	<b>1,245,910</b>	<b>1,010,663</b>

LEADING EDGE INFOTECH LIMITED  
NOTES TO FINANCIAL STATEMENTS

(Figures in ₹)

10. FIXED ASSETS

PARTICULARS	Gross Block at Cost				Depreciation			Net Block	
	As at April 1, 2015	Additions during the year	Deductions / Adjustments during the year	As at March 31, 2016	As at April 1, 2015	Depreciation for the year	Deductions / Adjustments during the year	As at March 31, 2016	As at March 31, 2015
<u>Tangible assets</u>									
Computers	527,500	-	-	527,500	527,500	-	-	527,500	-
Office Equipment	15,179	-	-	15,179	2,199	2,112	-	4,311	12,980
<b>Total</b>	<b>542,679</b>	<b>-</b>	<b>-</b>	<b>542,679</b>	<b>529,699</b>	<b>2,112</b>	<b>-</b>	<b>531,811</b>	<b>12,980</b>
<b>As at March 31, 2015</b>	<b>542,679</b>	<b>-</b>	<b>-</b>	<b>542,679</b>	<b>527,587</b>	<b>2,112</b>	<b>-</b>	<b>529,699</b>	<b>12,980</b>

During the year the company has not carried out physical verification of assets