

SpaceBound Web Labs Private Limited

INDEPENDENT AUDITORS REPORT

**To The Members Of
Spacebound Web labs Private limited.,**

Report on the standalone financial statements

We have audited the accompanying standalone financial statements of Spacebound Web Labs Private Limited, which comprise the Balance sheet as at 31 march 2016, the statement of Profit And loss, the Cash flow statement for the year ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the standalone financial statements

The company's Management are responsible for the matters stated in section 134(5) of companies act 2013 which respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company In accordance with the accounting principles generally accepted in India, including accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies Rule 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 and financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditors responsibility

Our responsibility is to express opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the act and the rules made thereunder.

We conducted our audit in accordance with the standards on Auditing specified under section 140(10) of the act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risk involved in financial statements, whether due to fraud or error. In making those risk assessments, the auditors considers internal financial controls relating to the company's preparation of 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 company's directors, as well as the evaluating the overall presentation of the financial statements.

We believed that audit evidence we have obtained is sufficient and appropriate to provide a basis for our Audit Opinion on the stand alone financial statements.

Opinion

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

Report on other legal and regulatory requirements

1. As required by the Companies Order, 2016 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 matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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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 accounts required by law have been kept by the company so far as it appears from our examination of those books.
 - c) The Balance sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the accounting standards specified under Sec. 133 of the Act, read with Rule 7 of the Companies Rules, 2014
 - e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the board of directors is disqualified as on 31st March 2016 from being appointed as a director in terms of Sec. 164(2) of the Act.
 - f) With respect to the adequacy of internal controls over financial reporting of the company and operating effectiveness of such controls, refer to our separate report in '**Annexure -B**'.
 - g) With respect to the other matters to be included in the auditor's report in accordance with Rule 11 of Companies Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us".
 - (1) The company does not have any pending litigations which would impact its financial position.
 - (2) The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - (3) There were no amounts which were required to be transferred to the Investor education and Protection Fund of the company.

For MDA & Co.,
Chartered Accountants
(Firm Registration No: 012023 S)

Anupama S
Partner
M No : 217478
Date: 06/04/2016
Place: Chennai

Annexure - 'A'

Referred to the Independent Auditor's Report to Member of M/s Spacebound Web Labs Private Limited for the year ended 31st March 2016.

We report that:

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year which, in our opinion, is reasonable having regard to the size of company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) The title deeds of all the immovable properties are held in the name of the company.
- ii. In respect of inventories, the Company does not hold any inventory. Hence paragraph 3(2) of CARO is not applicable to the company.
- iii. The company has not granted loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act.
- iv. The company has not given loans, investments and guarantees to which the provision of section 185 and 186 of Companies Act, 2013 apply.
- v. The company has not accepted any deposits to which the provisions of Section 73 to 76 or any other relevant provisions of Companies Act, and the rules framed there under and the directions issued by the RBI are applicable. Hence paragraph 3(5) of CARO is not applicable to the company.
- vi. The central government has not prescribed maintenance of cost records under section 148(1) of the Companies Act for any of the products / services of the company. Thus paragraph 3(6) of CARO is not applicable to the company.
- vii. (a) According to the records of the company, it is regular in depositing with the appropriate authorities undisputed dues including income tax, service tax, cess and other material statutory dues applicable to it.
(b) According to information and explanations given to us, there are no dues of, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess which have not been deposited on account of any dispute.
- viii. Based on our audit procedures and on the information and explanations given by the management, the company has not borrowed loans from Banks, financial institutions and debenture holders, hence no outstanding dues during the year.
- ix. The Company did not have any term loans outstanding during the year.
- x. Based on our audit procedures and on the information and explanations given by the management, we report that no fraud by the company and no fraud on the company by its officers/ employees has been noticed or reported during the course of our audit.
- xi. The company is not public company, hence section 197 read with Schedule V to the Companies Act, 2013 is not applicable to the company, therefore clause 3 (xi) of the order is not applicable to the company.
- xii. The company is not Nidhi Co and therefore clause 3 (xii) of the order is not applicable to the company.
- xiii. All transactions with the related parties are in compliance with S-188 and 177 of Companies Act, 2013 and the details thereof have been disclosed in the financial statements as required by the accounting standards and Companies Act, 2013.
- xiv. The company has not made any preferential allotment / private placement of shares during the year and therefore clause 3(xiv) of the order is not applicable to the company.
- xv. The company has not entered any non-cash transactions with directors / persons connected with him and therefore clause 3(xv) of the order is not applicable to the company.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Hence paragraph 3(xvi) of CARO is not applicable to the company.

For MDA & Co.,

Chartered Accountants

(Firm Registration No: 012023 S)

Anupama S

Partner

M No : 217478

Date: 06/04/2016

Place: Chennai

Annexure - 'B'

Referred to the Independent Auditor's Report to Member of M/s Spacebound Web Labs Private Limited for the year ended 31st March 2016.

Report on the Internal Financial Controls Under Clause (1) 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 M/s Spacebound Web Labs Private 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 essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control Over Financial Reporting 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. 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 if such controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that-

- 1) Pertain to the maintenances 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 degree of Compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has in all material respects; adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016.

For MDA & Co.,

Chartered Accountants

(Firm Registration No: 012023 S)

Anupama S

Partner

M No : 217478

Date: 06/04/2016

Place: Chennai

BALANCE SHEET

Particulars	Note No.	As at 31st March, 2016	As at 31st March, 2015
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) <u>Share Capital</u>	1	138,530	135,710
(b) Reserves & Surplus	2	-3,965,525	1,403,709
2 Share Application Money Pending Allotment		1,605,688	-
3 Non-current liabilities			
(b) Long term Provisions	3	414,695	148,965
4 Current liabilities			
(a) Other Current Liabilities	4	2,085,935	39,094
(b) Trade Payables	5	790,795	16,180
TOTAL		1,070,118	1,743,658
II. ASSETS			
1 Non-current Assets			
(a) <u>Fixed Assets</u>			
(i) Tangible Assets	6	73,148	206,901
2 Current assets			
(a) Cash and Cash Equivalents	7	977,524	1,475,253
(b) Trade Receivables	8	19,446	49,504
(c) Other Current Assets	9	-	12,000
TOTAL		1,070,118	1,743,658

The notes referred to above and significant accounting policies form an integral part of the Balance Sheet

As per our report of even date

FOR SPACEBOUND WEB LABS PRIVATE LIMITED

For MDA & Co.,

Chartered Accountant

Firm Registration No: 0120 23 S

Anupama S

Partner

Mem. No.: 217478

Jazeel Badur Ferry

Director

DIN: 06446384

Mohamed Saud Ashfaq Bakar

Director

DIN: 06429438

Place: Chennai

Date: 06/04/2016

STATEMENT OF PROFIT & LOSS ACCOUNT

Particulars	Note	For the year ended 31.03.2016	For the year ended 31.03.2015
A REVENUE FROM OPERATION			
1 Revenue from Operation	10	641,128	706,824
2 Other Income		-	4,897
3 Total Revenue		641,128	711,721
4 Expenses			
Employee Benefits Expenses	11	6,280,863	4,562,981
Other Expenses	12	2,593,693	6,987,824
Depreciation	6	133,752	277,967
5 Total expenses		9,008,308	11,828,771
6 Profit / (Loss) before tax		-8,367,180	-11,117,050
7 Tax expense:			
(a) Current Tax			-
(b) Deferred Tax		-	-23,341
8 Profit / (Loss) for the year		-8,367,180	-11,093,709
9 Earnings Per Equity Share:	13		
Basic & Diluted		-612.89	-982.69

The notes referred to above and significant accounting policies form an integral part of the Balance Sheet

As per our report of even date

FOR SPACEBOUND WEB LABS PRIVATE LIMITED

For MDA & Co.,

Chartered Accountant

Firm Registration No: 0120 23 S

Anupama S

Partner

Mem. No.: 217478

Jazeel Badur Ferry

Director

DIN: 06446384

Mohamed Saud Ashfaq Bakar

Director

DIN: 06429438

Place: Chennai

Date: 06/04/2016

CASH FLOW STATEMENT

Particulars	Amount	For the year ended 31 March, 2016	Amount	For the year ended 31 March, 2015
Cash Flow from Operating activities:				
Operating Profit before Working capital Changes		-8,367,180		-11,093,709
Adjustments For:				
Non Cash Items				
Depreciation	133,752		277,967	
Deferred Tax	-	133,752	-23,341	254,626
Increase/Decrease in Current assets				
Trade Receivables	30,059		207,667	
Other Current Assets	12,000	42,059	-12,000	195,667
Increase/Decrease in Current liabilities				
Trade Payables	774,615		-205,158	
Other Current Liabilities	2,046,841	2,821,456	-244,429	-449,587
Long term provision		265,730	-	148,965
Cash Flow From Operating Activities		-5,104,183		-10,944,038
Net Cash Flow From Operating Activities (A)		-5,104,183		-10,944,038
Cash Flow From Investing Activities:				
Investment in Fixed Asset	-	-	-	-218,039
Net Cash Flow From Investing Activities (B)		-		-218,039
Cash Flow From Financing Activities				
Issuance of equity shares	3,000,766		-	
Share application pending allotment	1,605,688	4,606,454	-	-
Net Cash From Financing Activities (C)		4,606,454		-
Net Increase/Decrease in Cash & Cash Equivalents (A+B+C)		-497,729		-11,162,077
Opening Cash & Cash Equivalents		1,475,253	1,475,253	12,637,330
Closing Cash and Cash Equivalents as at 31st March		977,524	1,475,253	1,475,253

Note: This cash flow statement is prepared in indirect method, as set out in para 18b of AS-3, Companies (Accounting Standard) rules 2006

As per our report of even date

FOR SPACEBOUND WEB LABS PRIVATE LIMITED

For MDA & Co.,

Chartered Accountant

Firm Registration No: 0120 23 S

Anupama S

Partner

Mem. No.: 217478

Jazeel Badur Ferry

Director

DIN: 06446384

Mohamed Saud Ashfaq Bakar

Director

DIN: 06429438

Place: Chennai

Date: 06/04/2016

NOTES ON FINANCIAL STATEMENTS

Note 1 Equity Share Capital

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	Number	Amount in Rs	Number	Amount in Rs
Authorised				
Equity Shares of Rs 10 each	14,700	147,000	14,700	147,000
Preference Shares of Rs.100 each	2096	209,600	2,096	209,600
	<u>16,796</u>	<u>356,600</u>	<u>16,796</u>	<u>356,600</u>
Issued				
Equity Shares of Rs 10 each	13853	138,530	13,571	135,710
Preference Shares of Rs.100 each	-	-	-	-
	<u>13,853</u>	<u>138,530</u>	<u>13,571</u>	<u>135,710</u>
Subscribed & Paid up				
Equity Shares of Re 10 each	13853	138,530	13,571	135,710
Preference Shares of Rs.100 each	-	-	-	-
Total	<u>13,853</u>	<u>138,530</u>	<u>13,571</u>	<u>135,710</u>

Note 1.1 The Reconciliation of the Number of shares outstanding is set out below:

Equity Shares

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	Equity Shares		Equity Shares	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	13,571	135,710	11,475	114,750
Conversion of Preference shares to Equity shares			2,096	20,960
Issue of Equity Shares during the year	282	2,820		
Shares outstanding at the end of the year	<u>13,853</u>	<u>138,530</u>	<u>13,571</u>	<u>135,710</u>

Preference Shares

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	Preference Shares		Preference Shares	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year			2,096	209,600
Conversion of Preference shares to Equity shares			(2,096)	(209,600)
Shares outstanding at the end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES ON FINANCIAL STATEMENTS

Note 1.2 The Details of shareholders holding more than 5 % shares

Equity Shares

Name of Shareholder	As at 31st March, 2016		As at 31st March, 2015	
	Number of Equity Shares Held	% of Holding	Number of Equity Shares Held	% of Holding
Mohamed Saud Ashfaq Bakar	2,026	14.62	3,334	24.57
Mohammed Nazim Zeeshan	2,025	14.62	3,333	24.56
Jazeel Badur Ferry	2,025	14.62	3,333	24.56
KAE Capital Fund (Mauritius)	-	-	1,754	12.92
Accel India III (Mauritius) Limited	-	-	1,098	8.09
BigTree Entertainment P Ltd	7,777	56.14		
Total	13,853	100.00	12,852	94.70

Note 2 Reserves and Surplus

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Amount in Rs	Amount in Rs
Opening Balance	-14,817,395	-3,723,684
Current Year Loss	-8,367,180	-11,093,709
Closing Balance	-23,184,575	-14,817,395
Total	-23,184,575	-14,817,395

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Amount in Rs	Amount in Rs
Opening Balance	16,221,104	16,032,464
Security Premium - on issue of shares	2,997,946	
- on conversion of Preference shares to Equity shares		188,640
Closing Balance	19,219,050	16,221,104
Total	19,219,050	16,221,104
Total Reserves & Surplus	-3,965,525	1,403,709

NOTES ON FINANCIAL STATEMENTS

Note 3 Long Term Provisions

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Amount in Rs	Amount in Rs
Provision for employee benefits		
Gratuity (Non-funded)	414,695	148,965
Total Deferred Tax Liabilities	414,695	148,965

Note 4 Other Current Liabilities

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Amount in Rs	Amount in Rs
Audit Fee Payable	52,250	39,094
Other expenses payable	106,751	-
Salary payable	1,872,290	-
Statutory Dues Payable	54,644	-
Total	2,085,935	39,094

Note 5 Trade Payables

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Amount in Rs	Amount in Rs
Due to micro and small enterprises	-	-
Dues to other creditors	790,795	16,180
Total	790,795	16,180

Note 6 Fixed Assets

Amount in Indian Rs

Description	Gross Block			Depreciation				Net Block	
	As at 01.04.2015	Additions/ (Disposals)	As at 31.03.2016	As at 01.04.2015	Depreciation charge for the year	Disposals	As at 31.03.2016	As at 31.03.2016	As at 01.04.2015
Tangible Assets									
Computers	520,420	-	520,420	313,520	133,752	-	447,272	73,148	206,901
Total	520,420	-	520,420	313,520	133,752		447,272	73,148	206,901

NOTES ON FINANCIAL STATEMENTS

Note 7 Cash and Cash Equivalents

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Amount in Rs	Amount in Rs
Balances with banks		
Current Account	977,524	1,475,253
Cash in hand	-	
Total	977,524	1,475,253

Note 8 Trade Receivables

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Amount in Rs	Amount in Rs
Outstanding for a period exceeding 6 months	-	-
Other receivables		
– Unsecured, considered good	19,446	49,504
– Unsecured, considered doubtful	-	-
Less: Provision for other receivables	-	-
Total	19,446	49,504

Note 9 Other Current Assets

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Amount in Rs	Amount in Rs
Rent Deposit	-	12,000
Total	-	12,000

Note 10 Revenue from operation

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
	Amount in Rs	Amount in Rs
Sale of Services		312,805
Subscription Fees	641,128	394,019
Total	641,128	706,824

NOTES ON FINANCIAL STATEMENTS

Note 11 Employee benefit expenses

Particulars	For the year ended	For the year ended
	31.03.2016	31.03.2015
	Amount in Rs	Amount in Rs
Salaries and Wages	5,999,597	4,317,500
Staff Welfare Expenses	15,536	46,516
Bonus	-	50,000
Gratuity	265,730	148,965
Total	6,280,863	4,562,981

Note 12 Other expenses

Particulars	For the year ended	For the year ended
	31.03.2016	31.03.2015
	Amount in Rs	Amount in Rs
Advertisement and Business Promotion Expenses	3,000	2,396,750
Audit Fee	58,106	44,944
Bank Charges	30,360	31,463
Bad Debts written off	-	213,634
Boarding and Lodging	13,564	80,203
Event Expenses	-	199,963
Domain and Subscription Charges	-	59,888
Foreign Exchange Loss	-	48,915
Insurance	-	997
Legal and Professional Services	388,929	2,378,660
Office Rent	946,099	-
Online Services	1,025,478	-
Printing and Stationery	920	13,076
Interest and Penalty Expenses	7,502	150,598
Rates and Taxes	4,760	234,117
Communication Expenses	18,966	45,668
Conveyance and Travelling Expenses	79,766	1,054,085
Other Expenses	16,243	34,862
Total	2,593,693	6,987,824

Note 13 Earning Per Share (EPS)

Particulars	As at 31st March,	As at 31st March,
	2016	2015
	Amount in Rs	Amount in Rs
Net Profit after Tax	-8,367,180	-11,093,709
Weighted average No of Equity Shares	13,652	11,289
Basic & Diluted earning per share	-612.89	-982.69
Face Value per equity Share	10	10

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS

Note 14 Notes to Accounts

Nature of Operations

SpaceBound Web Labs Private Limited was incorporated on 29th January, 2013 with its registered office in Amir's Castle, Flat No T6, III Floor, No 14 Mir Bakshi Ali Street, Royapettah, Chennai.

The Company is engaged in the business of providing services for organizing, managing and coordinating events, performances and functions, including online services to facilitate the same, and other allied services in the field of event management, media and communication by various modes, including by using technology and its applications.

Significant Accounting Policies

i. Basis for preparation of financial statements

The financial statements have been prepared to comply in all material respects with the accounting standards notified by the Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

ii. Use of estimates.

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from these estimates.

iii. Revenue Recognition

Revenue is recognized as services are rendered, on the basis of contractual obligations, in accordance with the terms of the agreement entered into by the Company with its customers.

iv. Expenditure

Expenses are accounted on accrual basis and provision is made for all known loss and liabilities. Provisions are made for future unforeseeable factors, which may affect the ultimate profit on fixed price software development contracts. The cost of software purchased for the use in software development is charged to revenue in the same year.

v. Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

vi. Depreciation

The company has charged Depreciation in accordance with the rates specified in Companies Act, 2013.

Class of assets	Estimated useful life
Computers (Hardware and Software)	3

vii. Foreign Currency Transactions

(a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS

(b) Conversion

Foreign currency monetary items are reported using the closing rate. 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; and 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.

(c) Exchange Differences

Exchange differences arising on the settlement or conversion of the monetary items are recognized as income or as expenses in the year in which they arise.

viii. Retirement Benefits

A) Short Term Employees Benefits

All employees' benefits payable wholly within 12 months of rendering service are classified as short term employee's benefits. Benefits such as salaries, performance bonus and short term compensated absences etc. and the expected cost of bonus/ex-gratia are recognized in the period in which the employee renders the related services.

B) Defined Contribution plans

Gratuity

In accordance with the Payment of Gratuity Act, 1972, the company provides for gratuity, an insured post-employment benefit plan, covering eligible employees. The gratuity plan provides a lump sum payment to the eligible employees at retirement, superannuation, death, incapacitation or termination of employees, of an amount based on the respective employee's basic salary and the years of employment with the company.

The following table sets out the actuarial assumptions used for computing gratuity liability as required under Accounting Standard 15 (Revised):

Particulars	As at 31-March-2016
Discount rate	7.60%
Salary escalation rate	10%
Attrition rate	2%
Retirement age	58 years

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

ix. Income taxes

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax assets or deferred tax liabilities are recognized for future tax consequences attributable to the timing differences between taxable incomes and accounting income that are capable of reversal in one or more subsequent period and are measured using tax rates enacted or substantially enacted as at the Balance Sheet date. Deferred tax Assets are not recognized unless in the management Judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The Company has not recognised any Deferred tax Asset. The carrying amount of deferred tax asset is revised at each Balance Sheet date.

x. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

NOTES ON FINANCIAL STATEMENTS

Particulars	As at 31st March, 2016	As at 31st March, 2015
Net Profit / (Loss) for the Year (Rs.)	(83,67,180)	(1,10,93,709)
Weighted Average Number of Equity Shares outstanding during the year	13,652	11,289
Nominal value per share (Rs.)	10	10
Earnings per share (Rs.) - Basic and Diluted	-613	-983

xii. Provisions and contingencies

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure of a contingent liability is made when there is a possible obligation or a present obligation, when an outflow of resource is not probable or a reliable estimate cannot be made. When there is a possible obligation or a present obligation, in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

xiii. Auditors' Remuneration

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Audit Fees – For statutory audit	57,250	40,944
Total	57,250	40,944

xiv. Expenditure in Foreign Currency (on Accrual Basis)

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Expenditure in Foreign Currency	9,82,817	38,06,055

xv. Earnings in Foreign Currency (on Accrual Basis)

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Earnings in Foreign Currency	6,41,128	7,06,824

NOTES ON FINANCIAL STATEMENTS

xv. Related party transaction

In accordance with AS-18 relating to the transactions between related parties the information is provided hereunder:

a) Details of related parties

Name of the party	Address	Relation transactions made during the year	Nature of
BigTree Entertainment Pvt Ltd	Wajedahouse, Ground Floor, Gulmour Cross Road 7, Near Tian Restaurant, Juhu Scheme, Mumbai MH 400049	Holding Company	Business Support Services / Rentals
Key Management Team:			
a) Mr. Mohamed Saud Ashfaq Bakar	Amir's Castle, Flat No. T6, No.14, Mir Bakshi Ali Street, Royapettah, Chennai, 600014, Tamil Nadu, INDIA	Director	Remuneration
b) Mr. Jazeel Badur Ferry	Amir's Castle, Flat No. T6, No.14, Mir Bakshi Ali Street, Royapettah, Chennai, 600014, Tamil Nadu, INDIA	Director	Remuneration

b) Business support services debited to Profit & Loss account and Payable to related parties (in INR)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Big Tree Entertainment Pvt Ltd	7,49,940	Nil
Total	7,49,940	Nil

c) Amounts debited to Profit and Loss account

Directors remuneration	For the year ended 31.03.2016	For the year ended 31.03.2015
Mr. Mohamed Saud Ashfaq Bakar	9,60,000	840,000
Mr. Jazeel Badur Ferry	9,60,000	840,000
Total	19,20,000	1,680,000

xvi. Previous year's figures have been regrouped where necessary to conform to current year's presentation.

As per our report of even date

FOR SPACEBOUND WEB LABS PRIVATE LIMITED

For MDA & Co.,

Chartered Accountant

Firm Registration No: 0120 23 S

Anupama S

Partner

Mem. No.: 217478

Jazeel Badur Ferry

Director

DIN: 06446384

Mohamed Saud Ashfaq Bakar

Director

DIN: 06429438

Place: Chennai

Date: 06/04/2016