

Independent Auditor's Report to the Members of Suyog Telematics Limited

Report on Financial Statements

We have audited the accompanying financial statement of **SUYOG TELEMATICS LIMITED**, which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of Significant accounting policies and other explanatory statements.

Management Responsibility for the Financial Statements

The Company's management is responsible for the preparation of these financial statement that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting standards refereed to in sub-section (3C) of section 211 of the companies act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to preparation and presentation of the financial statement that give a true and fair view and 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 amount and disclosure in financial statements. The procedure selected depends on the auditor's judgment, including the assessment of risk of the material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimate made by management, 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 audit opinion.



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Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 principal generally accepted in India subject to note no. 3.h

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Statement of Profit & Loss, of the profit for the year ended on that date: and
- c) In the case of the Cash flow Statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements:-

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended by companies (Auditor's Report) Amendment Order, 2004 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the act, we report that:
 - a. We have 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 appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit & Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. Also comply with the accounting standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors, as on March 31, 2014, and taken on record by the Board of Directors, we report that none of the director is disqualified as on March 31, 2014 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;



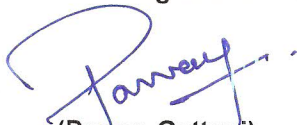
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- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the company.

For Maheshwari & Co.

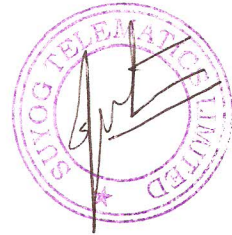
Chartered Accountants

Firm Registration Number: 105834W


(Pawan Gattani)

Partner

Membership Number: 144734



Place: Mumbai

Date: May 30, 2014

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Annexure to Independent Auditor's Report

Report in terms of Paragraph 4 and 5 in Section 227(4A) of the Companies Act, 1956 (Companies (Auditor's Report) Order, 2003), issued by the Central Government:

1. FIXED ASSETS

- a. The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets;
- b. As explained to us, the assets have been physically verified by the management in accordance with a phased program of verification of its Fixed Assets including Capital Work in Progress adopted by the Company which, in our opinion, is reasonable, considering the size and the nature of its business. No material discrepancies have been noticed on such physical verification, *however no such report provided to us for verification*;
- c. According to information and explanations given to us, the company has not disposed off substantial part of its fixed assets during the year and the going concern status of the company is not affected.

2. INVENTORIES

- a. According to the information and explanations given to us, the inventory has been physically verified by the management during and at the close of the year.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management as evidenced by the written procedures and instructions are reasonable and adequate in relation to the size of the company and nature of its business.
- c. The company is maintaining proper records of inventory. As explained to us, no discrepancies were noticed on physical verification between physical stocks and book records. *However, physical verification reports are not produced before us for verification.*

3. LOANS AND ADVANCES GRANTED / TAKEN FROM CERTAIN ENTITIES

In respect of the loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act 1956:



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- a. According to the information and explanations given to us, the company has granted unsecured loan. The amount and number of parties involved are INR 42334853/- and 3 respectively with closing balance being INR 49856308/- of 3 parties respectively.
- b. The company has granted aforementioned advances as *non-interest bearing* advances.
- c. Terms and conditions for the repayment of the loan granted at clause (a) above is not specified, hence regularity of receipt of loan amount could not be commented upon.
- d. In view of clause 3(c) above, clause 3(d) are not applicable.
- e. According to the information and explanations given to us, the company has not taken unsecured loan.

4. INTERNAL CONTROL SYSTEM

In our opinion and according to the information and explanations given to us, there is internal control system for the purchase of inventory and fixed assets and for the sale of goods and services commensurate with the size of the company and the nature of its business.

5. CONTRACTS OR ARRANGEMENT REFERRED TO IN THIS SECTION 301 OF THE COMPANIES ACT, 1956

- a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the act that need to be entered in the Register required to be maintained under that section, have been entered; and
- b) In our opinion and according to the information and explanations given to us, in respect of transactions which have been made in pursuance of contracts or arrangement entered in the register maintained under Section 301 and exceeding the value of **INR 5,00,000/-** in respect of any party during the period, have been made at prices which are reasonable having regard to the prevailing market price at the relevant time, where comparable market price exist.

6. ACCEPTANCE OF DEPOSITS

In our opinion and according to the information and explanations given to us, the company has complied with the provision of section 58A or 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanation given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.



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7. INTERNAL AUDIT SYSTEM

In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8. COST RECORDS

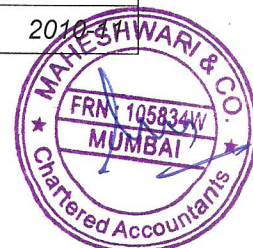
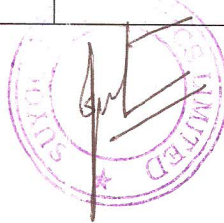
We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the , prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

9. STATUTORY DUES

According to the information and explanations given to us, in respect of statutory and other dues:

- a) According to the records of the Company, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, cess and any other statutory dues, with appropriate authorities and the extent of the arrears of outstanding statutory dues as at the last day of the financial year are INR 12914441/-, INR 102975/-, INR 313428/-, INR 7206173/- on account of Service Tax, Professional Tax, Income Tax & TDS respectively.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, wealth tax, customs duty and excise duty were outstanding, as at March 31, 2014 for a period of more than six months from the date were they became payable except the followings.

| Sr. No. | Particulars | Outstanding Amount (INR) | Period to which Amount Relates |
|---------|-------------|--------------------------|--------------------------------|
| 1 | Income Tax | 3,13,428 | 2009-10 |
| 2 | Service Tax | 36,62,760 | 2013-14 |
| | Service Tax | 15,40,700 | 2012-13 |
| | Service Tax | 5,39,692 | 2011-12 |
| | Service Tax | 7,76,042 | 2009-10 |
| | Service Tax | 5,00,000 | 2010-11 |



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|----|------------------------|-----------|---------|
| 3 | Professional Tax | 24,700 | 2010-11 |
| | Professional Tax | 48,075 | 2011-12 |
| | Professional Tax | 11,850 | 2012-13 |
| 4. | Tax Deducted at Source | 54,97,513 | 2012-13 |

10. ACCUMULATED LOSSES

The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

11. DUES TO FINANCIAL INSTITUTIONS, BANKS AND DEBENTURE HOLDERS

According to the information and explanations given to us and based on the documents and records produced to us, the Company has not defaulted in repayment of dues to any financial institutions or banks or debenture holders as at the year ended;

12. SECURITY FOR LOANS & ADVANCES GRANTED

According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and accordingly, this clause is not applicable to the Company;

13. SPECIAL STATUTE

In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund/ societies and accordingly, this clause is not applicable to the Company;

14. DEALINGS/TRADING IN SHARES, SECURITIES, DEBENTURES AND OTHER INVESTMENTS

The Company does not deal or trade in shares, securities, debentures and other investments and hence, this clause is not applicable to the Company;

15. GUARANTEES GIVEN

According to the information and explanations given to us, the company has not given any guarantee for loans taken from banks or financial institutions by others, therefore the provisions of clause 4(xv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.

16. TERM LOANS

In our opinion and according to the information and explanation given to us, the term loans have been applied by the Company during the year for the purpose for which they were obtained, other than temporary deployment pending application.

