

Independent Auditors' Report

To the members

E-Assurance Services (India) Limited

I. Report on the Financial Statements

We have audited the attached financial statements of **E-Assurance Services (India) Limited** (hereinafter referred to as the Company), comprising of the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended along with the Significant Accounting Policies and other explanatory information forming an integral part thereof.

II. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 Standards referred to in Section 133 of the Companies Act, 2013 (hereinafter referred to as the Act), read with Rule 7 of the Companies (Accounts) Rules, 2014 and in accordance with the accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, 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.

III. Auditors' 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 there under.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the

accounting estimates made by 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 reasonable basis for our audit opinion.

Basis for Qualified Opinion

As stated in the Notes No.7 (10) of the financial statements regarding;

The Company has been incurring losses further the Company has not identified any line of business further more than 50% of its networth is already eroded if the said subsidiary Company is not able to identify and commence business in near future than the going concern assumption will get impacted. However the financial statement are prepared of the Group on going concern basis.

IV. Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, 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 31st March 2016, and its loss and its cash flows for the year ended on that date.

V. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure I", a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. Further to our comments in the Annexure referred to in 1. above as per the requirements of Section 143(3) of the Act, we report as follows:
 - (a) 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;
 - (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 and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow

Statement comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- (e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- (f) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164(2) of the Act.;
- (g) 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 II"
- (h) 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 statements
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Shyam Malpani & Associates**
Chartered Accountants
Firm Registration No. 120438 W

Shyam Malpani
Proprietor
Membership No. F- 34171

Camp : Chicago, USA
Date : 30th May 2016.

Annexure I to the Auditors' Report
(Referred to in paragraph V of our report of even date)

In terms of the information and explanations given to us and the books and records examined by us and on the basis of such checks, as we considered appropriate, we further report as under:

(i) **Fixed Assets:**

The Company does not have any fixed asset during the year under review.

(ii) **Inventories:**

The Company does not have any Inventory during the year under review.

(iii) **Loans & Advances granted and taken:**

During the year, the Company has not granted any loans and advances, secured or unsecured, to any parties covered in the register maintained under Section 189 of the Companies Act.

(iv) **Compliance of Sec 185 and 186 of Companies Act, 2013**

In our opinion, in respect of loans, investments, guarantees, and security, provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.

(v) **Public Deposits:**

According to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by Reserve Bank of India and the provisions of Sections 73 and 76 or any other relevant provisions of the Act and the rules framed there under.

(vi) **Cost Records:**

As explained to us, maintenance of cost records under of section 148(1) of the Act is not applicable to the Company during the year under review.

(vii) **Statutory Dues:**

a) As per the records verified by us, the Company is generally regular in depositing the statutory dues involving Provident Fund, Profession Tax, Service Tax, Sales Tax and Income-tax with the appropriate authorities.

We were explained that the statutes pertaining to Employees' State Insurance Corporation, Wealth tax, Excise Duty, Customs Duty, Investor Education and Protection Fund and Cess are not applicable to the Company during the year under review.

b) According to the information and explanations given to us, there were no disputed dues of Sales Tax and Income Tax which have not been deposited by the Company during the year under review.

(viii) Dues to Financial Institutions/Banks/Debenture Holders:

As per the records verified by us and based on our audit procedures, there was no secured loans taken by the Company during the current year. The Company has not issued any debentures since its inception.

(ix) Utilization of funds raised

As per the records verified by us and based on our audit procedures, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and no term loans were taken by the Company during the current year

(x) Frauds:

To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company by its officers or employees during the year was noticed or reported, nor have we been informed of such case by the management.

(xi) Managerial remunerations

As per the records verified by us and based on our audit procedures, no managerial remuneration has been paid or provided during the period under review.

(xii) Nidhi Company

According to the information and explanation given to us, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly paragraph 3(xii) of the order is not applicable to the Company.

(xiii) Related Party Transaction

According to the information and explanation given to us, all the transactions with the related parties are in compliance with sections 188 of Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards, Further the provision of section 177 are not applicable to the Company.

(xiv) Preferential or private allotment

According to the information and explanation given to us and based on our examination of records of the Company, the company has not made any

preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) Non cash transaction with Directors

According to the information and explanation given to us and based on our examination of records of the Company, the company has not entered into non-cash transactions with directors or persons connected with him

(xvi) Non Banking Financial Institution

According to the information and explanation given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) is not applicable.

For **Shyam Malpani & Associates**
Chartered Accountants
Firm Registration No. 120438 W

Shyam Malpani
Proprietor
Membership No. F- 34171

Camp : Chicago, USA
Date : 30th May 2016.

Annexure II to the Independent Auditors' Report
(Referred to in our report of even date)

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 attached financial statements of **E-Assurance Services (India) Limited** (hereinafter referred to as "the Company") as at 31st March 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 issued by the Institute of Chartered Accountants of India ("the 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.

Auditor's 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 the ICAI deemed to be prescribed under section 143(10) of the Act, 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 ICAI. Those standards and the Guidance Note 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 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 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, 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 31st March 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 **Shyam Malpani & Associates**
Chartered Accountants
Firm Registration No. 120438 W

Shyam Malpani
Proprietor
Membership No. F- 34171

Camp : Chicago, USA
Date : 30th May 2016.

e-Assurance Services (India) Ltd.
Balance Sheet as at March 31, 2016

Particulars	Note No.	March 31, 2016 ₹	March 31, 2015 ₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	5,00,000	5,00,000
Reserves And Surplus	2	-3,57,654	-3,44,258
		1,42,346	1,55,742
Current Liabilities			
Other Current Liabilities	3	89,481	76,885
		89,481	76,885
	TOTAL	2,31,827	2,32,627
ASSETS			
Current Assets			
Cash And Cash Equivalents	4	41,359	41,359
Short-Term Loans And Advances	5	1,90,468	1,91,268
		2,31,827	2,32,627
	TOTAL	2,31,827	2,32,627

See accompanying notes forming part of the financial statements
As per our attached report of even date

For Shyam Malpani & Associates
Chartered Accountants

For and on behalf of the Board of Directors

Shyam Malpani
Proprietor
Camp : Chicago, USA
Date : May 30, 2016

O. P. Pacheria
Director
DIN: 00105278

R. N. Jha
Director
DIN: 00033291

Place : Mumbai
Date : May 30, 2016

e-Assurance Services (India) Ltd.**Statement of Profit and Loss for the year ended 31 March, 2016**

	Note No.	March 31, 2016 ₹	March 31, 2015 ₹
Revenue From Operations (Gross)		-	-
Total Revenue		-	-
Other Expenses	6	13,396	11,636
		13,396	11,636
Profit / (Loss) Before Extraordinary Items And Tax		-13,396	-11,636
Profit / (Loss) From Continuing Operation		-13,396	-11,636
Current Tax Expense For Current Year		-	-
Current Tax Expense Relating To Prior Years		-	32,699
Net Current Tax Expense		-	32,699
Deferred Tax		-	-
Total		-	32,699
Prior Period Adjustments		-	-
Profit / (Loss) after Tax From Continuing Operation		-13,396	-44,335
Tax Expense		-	-
Profit / (Loss) For The Year		-13,396	-44,335
EPS Before Extraordinay and Excepnional Item			
Basic		-0.27	-0.89
Diluted		-0.27	-0.89
EPS After Extraordinay and Excepnional Item			
Basic		-0.27	-0.89
Diluted		-0.27	-0.89

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Shyam Malpani & Associates
Chartered Accountants

For and on behalf of the Board of Directors

Shyam Malpani
Proprietor
Camp : Chicago, USA
Date : May 30, 2016

O. P. Pacheria
Director
DIN: 00105278

R. N. Jha
Director
DIN: 00033291

Place : Mumbai
Date : May 30, 2016

E-Assurance Services (India) Ltd.
Cash Flow Statement for the year ended March 31, 2016

Particulars	For the year ended 31 March, 2016		For the year ended 31 March, 2015	
	₹	₹	₹	₹
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		-13,396		-44,335
<i>Adjustments for:</i>				
Operating profit / (loss) before working capital changes		-13,396		-44,335
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Long-term loans and advances		-		32,699
Short-term loans and advances		800		400
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Other current liabilities		12,596		11,236
		<u>13,396</u>		<u>44,335</u>
Net cash flow from / (used in) operating activities (A)		-		-
B. Cash flow from investing activities				
Net cash flow from / (used in) investing activities (B)		-		-
C. Cash flow from financing activities				
Net cash flow from / (used in) financing activities (C)		-		-
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		-		-
Cash and cash equivalents at the beginning of the year		41,359		41,359
Cash and cash equivalents at the end of the year		41,359		41,359

See accompanying notes forming part of the financial
In terms of our report attached.

For Shyam Malpani & Associates
Chartered Accountants

For and on behalf of the Board of Directors

Shyam Malpani
Proprietor
Camp : Chicago, USA
Date : May 30, 2016

O. P. Pacheria
Director
DIN: 00105278

R. N. Jha
Director
DIN: 00033291

Place : Mumbai
Date : May 30, 2016

e-Assurance Services (India) Ltd.
Notes forming part of the Financial Statements

Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Note 1 Share Capital		
Authorized:		
50,000 (2015: 50,000) Equity shares of ₹ 10 each with voting rights	<u>5,00,000</u>	<u>5,00,000</u>
Issued Subscribed and Paid up:		
50,000 (2015:50,000) Equity shares of ₹ 10 each with voting rights	<u>5,00,000</u>	<u>5,00,000</u>
Total	<u>5,00,000</u>	<u>5,00,000</u>

Shares held by each shareholder holding more than 5% of equity share capital

	Year ended March 31, 2016		Year ended March 31, 2015	
	Nos.	Percentage	Nos.	Percentage
S Kumars Online Limited	49,940	99.88%	49,940	99.88%

Note 2 Reserves and Surplus

	March 31, 2016 ₹	March 31, 2015 ₹
(a) Surplus / (Deficit) in Statement of Profit and Loss		
As per Last Balance Sheet	-3,44,258	-2,99,923
Add: Loss for the Year	-13,396	-44,335
Less: Appropriation	-	-
Total Appropriation	-	-
Net Deficit in Statement of Profit and Loss	<u>-3,57,654</u>	<u>-3,44,258</u>
Total	<u>-3,57,654</u>	<u>-3,44,258</u>

Note 3 Other Current Liabilities

Other Liabilities	89,481	76,885
Total	<u>89,481</u>	<u>76,885</u>

Note 4 Cash and Cash Equivalents

Balances with Banks		
In Current Accounts	41,327	41,327
Cash on Hand		
	33	33
Total	<u>41,359</u>	<u>41,359</u>

Note 5 Short-Term Loans and Advances

To Holding Company (unsecured, considered good)	1,90,468	1,91,268
Total	<u>1,90,468</u>	<u>1,91,268</u>

Note 6 Other Expenses

Auditor's Remuneration	5,725	5,618
ROC Filing Fees	800	400
Professional Charges	6,871	5,618
Total	<u>13,396</u>	<u>11,636</u>

Notes forming part of the Accounts – 31.03.2016

Significant Accounting Policies and Notes on Accounts.

I. **Significant Accounting Policies:**

1. **Basis of Accounting**

The financial statements have been prepared on accrual basis, except wherever otherwise stated, under the historical cost convention, in accordance with the accounting principles generally accepted in India and comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rules 2006 issued by the Central Government, in exercise of the powers conferred under sub-section (1)(a) of Section 642 and the relevant provisions of the Companies Act, 2013.

2. **Use of Estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

3. **Revenue Recognition**

Income and expenditure are consistently recognized on accrual basis.

II. **Notes on Accounts:**

1. The Company is a wholly owned Subsidiary Company of S Kumars Online Ltd.
2. The Company is engaged in the business of soliciting or procuring Life Insurance business and General Insurance Business as a Corporate Agent of Life Insurers and General Insurers or as otherwise permitted by Insurance Regulatory and Development Authority (IRDA) from time to time.
3. No provision has been considered necessary towards gratuity since there are no employees in service with the Company.
4. Balances under the heads Loans and Advances and Current Liabilities are subject to confirmation / reconciliation from the respective parties and consequent reconciliation, if any.
5. Outstanding amounts payable to Micro, Small and Medium Enterprises included under Current Liabilities, as per the information available with the Company and relied upon by the auditors – Nil (Previous year- Nil).
6. No provision towards Deferred tax liability / Asset is considered as there are no items representing timing differences during the year under review. Also No provision has been made towards Current taxation keeping in view the carried forward losses under the Income Tax Act, 1961.
7. The Company deals in only one segment of Business and consequently, the Accounting Standard – 17 Segment Reporting is not applicable to the Company during the year under review.

8. Computation of Earnings Per Share (Basic and Diluted)

Particulars	Current Year	Previous Year
Amounts used as numerator in calculating EPS (Rs.)	(13,396)	(44,335)
No. of Equity Shares used as denominator (Nos.)	50000	50000
Nominal value per Equity Share (Rs.)	10	10
Earnings/(Loss) Per Share (Basic and Diluted) (Rs.)	(0.27)	(0.89)

9. Disclosure of Related Party transactions as per Accounting Standard - 18 is as under:

Related Parties:

Holding Company	S Kumars Online Ltd.
Associates	None
Key Management Personnel	None

Nature of Transactions	Amount (Rs. in Lacs)	Closing Balance (Rs.)
Loans repaid by Holding Company	800	1,90,468

10. Management is constantly trying reviving the business by way tie ups with the insurance companies as a commission agent to eradicate cash flow mismatches and negative net worth of the company. Management is confident that in near future Company will be in revival mode and thereby going concern will not be affected.

11. Previous year's figures are regrouped/rearrange wherever necessary.

For and on behalf of the Board

O. P. Pacheria
Director
 DIN: 00105278

R. N. Jha
Director
 DIN: 00033291

Mumbai, dated 30th May, 2016