



# RAMANAND & ASSOCIATES

## — CHARTERED ACCOUNTANTS —

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UDIN: **19103975AAAAEU5779**

To,

The Board of Directors,

**ROUTESMS SOLUTION FZE**  
**P.O BOX NO:31291**  
**RAS AL KHAIMAH-**  
**UNITED ARAB EMIRATES**

Dear Sirs,

We have verified the translated version of the audited standalone financial statements of **ROUTESMS SOLUTION FZE** (the "**Company**") for the years ended March 31, 2019, March 31, 2018 and March 31, 2017 ("**Financial Years**"). These financial statements have been translated by the Company in Indian Rupee in accordance with Ind AS 21, 'The Effect of Changes in Foreign Currency Rates'. The work carried out by us is in accordance with the Standard on Related Services (SRS) 4400, "Engagements to Perform Agreed-upon Procedures regarding Financial Information" issued by the Institute of Chartered Accountants of India.

As required under Schedule VI Part A item no.(11)(I)(A)(ii)(b) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**SEBI ICDR Regulations**"), we have verified the translated financial information contained in the Annexure attached to this certificate which is proposed to be uploaded on the website of **ROUTE MOBILE LIMITED** in connection with its proposed initial public offering of equity shares of Rs. 10/- each.

We did not audit the standalone financial statements of **ROUTESMS SOLUTION FZE**. These financial statements have been audited by other audit firms, whose reports have been furnished to us by the Company.



These translated financials should not in any way be construed as a reissuance or re-dating of any of the previous audit reports, nor should these be construed as a new opinion on any of the audited standalone financial statements referred to herein.

These translated financials are intended solely for use of the management for uploading on website of **ROUTE MOBILE LIMITED** in connection with its proposed initial public offering of equity shares of Rs. 10/- each.. Our certificate should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

Thanking you,

**For Ramanand & Associates**

**Chartered Accountants**

**FRN No: - 117776W**

  
**Ramanand G. Gupta**

**Managing Partner**

**M.No. 103975**

**Date 27<sup>th</sup> September, 2019**



**ROUTESMS SOLUTIONS FZE**

**TRANSLATED VERSION OF AUDITED STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2018**

		31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-17
<b><u>ASSETS</u></b>	<b><u>Notes</u></b>	<b><u>AED</u></b>	<b><u>INR</u></b>	<b><u>AED</u></b>	<b><u>INR</u></b>
<b><u>NON CURRENT ASSETS</u></b>					
Property, plant & equipment	5	4,198,831	74,471,754	582,648	10,288,989
Investment in subsidiary	6	147,000	2,672,673	147,000	2,672,673
<b>Total Non Current Assets</b>		<b>4,345,831</b>	<b>77,144,427</b>	<b>729,648</b>	<b>12,961,662</b>
<b><u>CURRENT ASSETS</u></b>					
Cash and cash equivalents	7	529,126	9,384,741	14,636,790	258,471,276
Due from related parties	8-A	47,141,291	836,112,393	6,549,724	115,661,666
Accounts receivable	9	2,769,152	49,114,537	1,123,886	19,846,718
Advances, deposits & prepayments	10	578,917	10,267,853	196,936	3,477,696
<b>Total Current Assets</b>		<b>51,018,487</b>	<b>904,879,523</b>	<b>22,507,336</b>	<b>397,457,356</b>
<b>Total Assets</b>		<b>55,364,318</b>	<b>982,023,957</b>	<b>23,236,984</b>	<b>410,419,017</b>
<b><u>Equity &amp; Liabilities</u></b>					
Retained earnings		40,067,628	710,717,169	19,547,299	345,262,819
<b>Total Equity</b>		<b>40,067,628</b>	<b>710,717,169</b>	<b>19,547,299</b>	<b>345,262,819</b>
<b><u>NON CURRENT LIABILITIES</u></b>					
Term Loan(Long term)	13-A	2,056,527	36,475,187	-	-
<b>Total Non Current Liabilities</b>		<b>2,056,527</b>	<b>36,475,187</b>	<b>-</b>	<b>-</b>
<b><u>CURRENT LIABILITIES</u></b>					
Due to related parties	8-B	3,407,509	60,436,628	110,509	1,951,480
Accounts payable	11	8,390,532	148,817,049	3,501,356	61,830,494
Accruals, provisions and other payables	12	1,341,991	23,801,964	77,820	1,374,224
Term loan(Short term)	13-B	100,131	1,775,961	-	-
<b>Total Current Liabilities</b>		<b>13,240,162</b>	<b>234,831,601</b>	<b>3,689,685</b>	<b>65,156,198</b>
<b>Total Equity &amp; Liabilities</b>		<b>55,364,318</b>	<b>982,023,958</b>	<b>23,236,984</b>	<b>410,419,018</b>

*(Notes on pages 8 to 22 form an integral part of these Translated financial statements)*



**ROUTESMS SOLUTIONS FZE**  
**TRANSLATED VERSION OF AUDITED COMPREHENSIVE INCOME STATEMENT**  
**FOR THE YEAR ENDED 31ST MARCH 2018**

		31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-17
	Notes	AED	INR	AED	INR
Revenue	9	88,714,707	1,569,412,210	108,991,676	1,946,801,544
Less: Cost of revenue	10	(56,552,338)	(1,000,442,123)	(81,107,214)	(1,448,731,272)
<b>Gross Profit</b>		<b>32,162,369</b>	<b>568,970,088</b>	<b>27,884,462</b>	<b>498,070,272</b>
Other income	11	1,119,890	19,811,473	302,363	5,400,786
<b>Total</b>		<b>33,282,259</b>	<b>588,781,561</b>	<b>28,186,824</b>	<b>503,471,058</b>
<b><u>Less : General &amp; Administrative Expenses and Other Charges</u></b>					
General and administrative expenses	12	12,275,787	217,165,458	6,553,136	117,051,648
Depreciation on fixed assets	5	325,217	5,753,273	142,990	2,554,077
Finance charges	13	160,926	2,846,870	83,434	1,490,292
<b>Total expenses</b>		<b>12,761,930</b>	<b>225,765,601</b>	<b>6,779,559</b>	<b>121,096,017</b>
<b>Net profit for the year</b>		<b>20,520,329</b>	<b>363,015,960</b>	<b>21,407,265</b>	<b>382,375,041</b>

*(Notes on pages 8 to 22 form an integral part of these Translated financial statements)*



**ROUTESMS SOLUTIONS FZE**

**TRANSLATED VERSION OF AUDITED STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31ST MARCH 2018**

	Retained Earnings	Total	Retained Earnings	Total
	AED	AED	INR	INR
<b>As on 31/03/2016</b>	<b>17,758,906</b>	<b>17,758,906</b>	<b>319,960,901</b>	<b>319,960,901</b>
Net Profit during the year	21,407,265	21,407,265	382,375,041	382,375,041
Dividend declared	(19,618,872)	(19,618,872)	(346,449,930)	(346,449,930)
FCTR	-	-	(10,623,192)	(10,623,192)
<b>As on 31/03/2017</b>	<b>19,547,299</b>	<b>19,547,299</b>	<b>345,262,819</b>	<b>345,262,819</b>
Changes during the year	-	-	-	-
Net Profit during the year	20,520,329	20,520,329	363,015,960	363,015,960
FCTR	-	-	2,438,389	2,438,389
<b>As on 31/03/2019</b>	<b>40,067,628</b>	<b>40,067,628</b>	<b>710,717,169</b>	<b>710,717,169</b>

*(Notes on pages 8 to 22 form an integral part of these Translated financial statements)*



**ROUTESMS SOLUTIONS FZE**  
**TRANSLATED VERSION OF AUDITED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31ST MARCH 2018**

	31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-17
	AED	INR	AED	INR
<b>Cash Flow from Operating Activities</b>				
Operating profit for the year	20,520,329	363,015,960	21,407,265	382,375,041
Adjustments:-				
Unrealised foreign exchange	-	2,438,389	-	(10,623,192)
Depreciation of fixed assets	325,217	5,753,273	142,990	2,554,077
<b>Operating Income Before Working Capital Changes</b>	<b>20,845,545</b>	<b>371,207,622</b>	<b>21,550,255</b>	<b>374,305,926</b>
<u>(Increase) / Decrease in operating assets</u>				
Accounts receivable	(1,645,266)	(29,267,819)	(1,048,589)	(18,490,098)
Advances, deposits & prepayments	(381,981)	(6,790,157)	(196,936)	(3,477,696)
Due from related parties	(40,591,567)	(720,450,727)	(2,384,751)	(40,621,654)
<u>Increase / (Decrease) in operating liabilities</u>				
Accounts payable	4,889,176	86,986,556	(14,989,954)	(271,326,076)
Accruals, provisions and other payables	1,264,171	22,427,739	(33,789,782)	(608,815,865)
Due to related parties	3,297,000	58,485,138	110,509	1,951,480
<b>Net Cash Flow from Operating Activities</b>	<b>(12,322,923)</b>	<b>(217,401,648)</b>	<b>(30,749,248)</b>	<b>(566,473,982)</b>
<b>Cash flow from Investing Activities</b>				
Purchase of fixed assets during the period	(3,941,400)	(69,936,034)	(725,638)	(12,843,066)
Investment in Subsidiary	-	-	(147,000)	(2,672,673)
<b>Net Cash flow from Investing Activities</b>	<b>(3,941,400)</b>	<b>(69,936,034)</b>	<b>(872,638)</b>	<b>(15,515,739)</b>
<b>Cash flow from financing Activities</b>				
Dividend declared	-	-	(19,618,872)	(346,449,930)
Bank borrowings	2,156,658	38,251,148	-	-
<b>Net Cash flow from Financing Activities</b>	<b>2,156,658</b>	<b>38,251,148</b>	<b>(19,618,872)</b>	<b>(346,449,930)</b>
<b>Net increase (Decrease) in cash and cash equivalents</b>	<b>(14,107,665)</b>	<b>(249,086,534)</b>	<b>(51,240,758)</b>	<b>(928,439,651)</b>
<b>Add opening cash and cash equivalents</b>	<b>14,636,790</b>	<b>258,471,276</b>	<b>65,877,548</b>	<b>1,186,910,927</b>
<b>Closing Cash and cash equivalents</b>	<b>529,125</b>	<b>9,384,741</b>	<b>14,636,790</b>	<b>258,471,276</b>

(Notes on pages 8 to 22 form an integral part of these Translated financial statements)



**ROUTESMS SOLUTIONS FZE**

**TRANSLATED VERSION OF AUDITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31ST MARCH 2018**

**1 COMPANY'S NATURE, OPERATIONS AND OWNERSHIP**

- a) M/s ROUTESMS SOLUTIONS FZE is a Free Zone Establishment registered with Ras Al Khaimah Investment Authority, Ras Al Khaimah with License No.RAKIA 72 FZ3 01 13 6543 issued on 31/01/2013.
- b) The Company is located in Ras Al Khaimah Free Zone and the Company's registered office address is P.O. Box 31291 - Ras Al Khaimah, U.A.E..
- c) The main activities of the Company are information technology consultancy, internet consultancy, computer software house and enterprise messaging solutions.
- d) Mr. Sandipkumar Chandrakant Gupta (Indian National holding Passport No.Z2470094) is the Manager and Authorized Signatory thereof.
- e) The license issuing authority, RAKIA, does not stipulate any requirement of Share capital and hence does not issue Share Certificate, Memorandum of Association or Articles of Association for a Free Zone Establishment.

**2 BASIS OF PREPARATION**

**2.1 - Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board and the requirements of the U.A.E related laws(as amended).

**2.2 - Basis of measurement**

- \* The financial statements have been prepared under the historical cost convention unless otherwise indicated.
- \* The financial statements are presented in United Arab Emirates Dirham (AED) and are rounded to the nearest value.

**2.3 - Going Concern**

The financial statements are prepared on a going concern basis which assumed that the Entity will continue to operate as a going concern for the foreseeable future.

**2.4 - Comparative Information**

- \* The accounting policies and estimates adopted are consistent with those used in previous financial years.
- \* Certain comparative figures are regrouped and rearranged wherever necessary to conform to the presentation adopted in these financial statements. Such reclassification do not affect previously reported net income or shareholders' equity.



### 3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

#### 3.1 - New and revised IFRS in issue but not effective and not early adopted

The following standards, amendments thereto and interpretations have been issued prior to December 31, 2017 but have not been applied in these financial statements as their effective dates of adoption are for 2017 but have not been applied in these financial statements as their effective dates of adoption are for future periods. The impact of the adoption of the below standards is currently being assessed by the management. It is anticipated that their adoption in the relevant accounting periods will impact only the disclosures within the financial statements.

New and Revised IFRSs	Effective for annual periods beginning on or after
* Annual Improvements 2012-2014 Cycle	January 01, 2016
Amendments to IFRS 2: Classification and Measurement of Share - based Payment Transactions	January 01, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)	January 01, 2018
* IFRS 9- Financial Instruments	January 01, 2018
* IFRS 15- Revenue from Contracts with Customers	January 01, 2018
* Transfers of Investment Property (Amendments to IAS 40) Amendments to IFRS 9: Prepayment Features with Negative Compensation and Modifications of Financial Liabilities	January 01, 2018
* IFRS 16 Leases	January 01, 2019
* Amendments to IAS 28: Long term interests in Associates and Joint Ventures	January 01, 2019
* IFRIC 23 Uncertainty over income Tax Treatments	January 01, 2019
* Annual Improvements 2015-2017 Cycle	January 01, 2019
* IFRS 17 Insurance Contracts	January 01, 2021
Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Indefinitely Deferred



#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **4.1 - Current / Non-Current Classification**

Expected to be realised or intended to sold or consumed in normal operating cycle or held primarily for the purpose of trading or expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve month after the reporting period.

All other assets are classified as non-current. A liability is current when it is:

Expected to be settled in normal operating cycle or it is held primarily for the purpose of trading or it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The company classifies all other liabilities as non- current.

##### **4.2 Fair Value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

The principal of the most advantageous market must be accessible to by the company.

The fair value of an asset or a liability is measured using the assumption that market participants would when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

##### **4.3 - Foreign Currency**

The preparation of financial statements of the company, transactions in currencies other than the company's financial currency are recognized at the rate of exchange prevailing at the dates of transactions. At the end of each reporting period, mandatory items denominated in foreign currencies are retranslated at the rates prevailing at the date. Non-monetary items carried at the fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items are measured in terms of historical cost in a foreign currency are retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.



#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd ...)**

##### **4.4 - Property, plant & equipment and depreciation**

Property, plant & equipment are stated at cost less accumulated depreciation and identified impairment, if any. Cost includes expenditure that is directly attributable to the acquisition of the items including installation costs. Subsequent costs are included in the assets carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss account.

Depreciation on property, plant & equipment is provided on a straight line basis at rates calculated to write off the cost of each asset by equal annual installments over its expected useful life. The rates of depreciation are based upon the following estimated useful lives.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the WDV method, as follows:

Building	60 Years
Computers and servers	3-6 Years
Office Equipments	4-5 Years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined by comparing the disposal proceeds with the carrying amount of the assets and is recognized in the statement of comprehensive income.

##### **Capital work in progress**

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

##### **4.5 - Investment Properties**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the year in which they arise.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

The cost of self constructed investment property includes the cost of materials and direct labour, any other cost directly attributable to bringing the investment property to a working for their intended use and capitalised borrowing costs.

Properties are transferred to investment properties from properties under construction or capital work in progress when and only when, there is a change in use, evidenced by commencement of development with a view to sale or operate the project. Such transfers are made at the carrying value of the properties at the date of transfer.



#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd ...)**

The company determines at each reporting date whether there is any objective evidence that the investment properties are impaired. Whenever the carrying amount of an investment property exceeds their recoverable amount, an impairment loss is recognised in the profit or loss. The recoverable amount is the higher of investment property's net selling price and the value in use. The net selling price is the amount obtainable from the sale of an investment property in an arm's length open market transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of this investment property and from its disposal at the end of its useful life.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (Calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the property is derecognised.

#### **4.6 - Impairment of tangible assets**

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.



#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd ...)**

##### **4.7 - Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

##### **4.8 - Financial assets**

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss (FVTPL)', 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in the current assets, except for maturities greater than 12 months after the end of the reporting period, These are classified as non-current assets, The company's loans and receivables comprise trade and other receivables" and "cash and cash equivalents" in the statement of financial position. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### **Trade and other receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost reduced by appropriate allowance for estimated doubtful debts.

##### **Impairment of financial assets**

Assets carried at amortised cost

The company assesses at the end of each reporting period, whether there is objective evidence that a financial asset or company of financial assets is impaired. A financial asset or a company of financial assets is impaired and impairment losses are recognized only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated.



#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd ...)**

Evidence of impairment may include indications that the debtors or a company of debtors is experiencing significant financial difficulty and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loan and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss.

##### **Derecognition of financial assets**

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another company. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for the amounts, it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset.

##### **4.9 - Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables and borrowings.

##### **Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

##### **Loans and other borrowings**

Loans and other borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted on accrual basis and are added to the carrying value of the instruments to the extent that they are not settled in the period in which they arise.



#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd ...)**

##### **Derecognition of financial liabilities**

The company derecognises financial liabilities only when, the company's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another, from the same lender on substantially different terms or the terms of an existing liability are substantially modified such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

##### **4.10 - Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

##### **4.11 - Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Cost of inventories comprises of costs of purchase, and where applicable cost of conversion and other costs that has been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

##### **4.12 Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.



#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd ...)**

##### **4.13 Employee's end of service benefits**

Staff benefits like Gratuity, leave salary and air passage are accounted as and when paid. The entitlement to those benefits is usually based upon the employees' length of services and the completion of a minimum services period.

##### **4.14 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the Services are recognised when all the following conditions are satisfied:

- the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract, when the outcome of the transaction and related revenue and cost can be measured reliably, and that economic benefit flows to the company.

##### **4.15 - Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, which are described in policy notes, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgments and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

##### **Critical judgements in applying accounting policies**

In the process of applying the company's accounting policies, which are described above, and due to the nature of operations, management makes the following judgment that has the most significant effect on the amounts recognised in the financial statements.

##### **Revenue recognition**

Under normal circumstances, in recognising the revenue the management is of the view that in line with the requirement of IAS 18 "Revenue", the risk and reward of ownership is transferred to the buyers of the goods and services and that revenue is reduced for the estimated returns, rebate and other allowances (if any).



**5 PROPERTY, PLANT & EQUIPMENT**

	Building	Computer & Servers	Office Equipments	Total
	INR	INR	INR	INR
<b><u>Cost</u></b>				
<b>At 31/03/2017</b>	-	12,754,435	59,617	12,814,051
Additions during the period	69,725,545	-	-	69,725,545
Foreign Exchange	180,334	55,826	261	236,421
<b>At 31/03/2018</b>	<b>69,905,879</b>	<b>12,810,260</b>	<b>59,878</b>	<b>82,776,017</b>

**Depreciation**

<b>At 31/03/2017</b>	-	2,512,613	12,450	2,525,062
For the period	1,693,165	4,038,789	21,319	5,753,273
Foreign Exchange	4,377	(349,144)	(1,802)	(346,569)
<b>At 31/03/2018</b>	<b>1,697,542</b>	<b>6,572,845</b>	<b>33,876</b>	<b>8,304,263</b>

**Net Book Value**

<b>At 31/03/2017</b>	-	10,241,822	47,167	10,288,989
<b>At 31/03/2018</b>	<b>68,208,337</b>	<b>6,237,416</b>	<b>26,001</b>	<b>74,471,754</b>

In the opinion of the management there is no impairment to the net book value of the property, plant & equipment as at 31 March 2018.



**ROUTESMS SOLUTIONS FZE**  
**TRANSLATED VERSION OF AUDITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

**6 INVESTMENT IN SUBSIDIARY**

	31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-17
	AED	INR	AED	INR
M/s.Route Mobile LLC,Dubai	147,000	2,672,673	147,000	2,672,673

The above represents the amount invested in M/s.Route Mobile LLC,Dubai towards Share Capital as M/s Routesms Solutions FZE is holding 49% shares in that Company .

**7 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts:

	31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-17
	AED	INR	AED	INR
Cash in hand	3,430	60,836	169	2,984
Cash at bank	525,696	9,323,905	1,382,041	24,405,481
Fixed Deposits	-	-	13,254,580	234,062,810
	529,126	9,384,741	14,636,790	258,471,276

**8 TRANSACTIONS WITH RELATED PARTIES**

Related parties represent associated companies, shareholders, directors, and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management

The Company, in the ordinary course of business, enters into transactions with other business enterprises that fall within the definition of related parties contained in International accounting standard 24. Such transactions are made on terms and conditions believed by the Company to be comparable to those that could be obtained from third parties. At the end of the reporting period the significant transactions with related parties are as follows.

**A) DUE FROM RELATED PARTIES**

	31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-17
	AED	INR	AED	INR
Route Mobile Limited	1,839,197	32,620,562	-	-
Route Mobile LLC	3,860,180	68,465,336	2,182,465	38,540,179
Route Mobile PTE Ltd	764,120	13,552,667	-	-
Route Mobile UK Limited	35,807,871	635,099,380	13,373	236,154
RouteSms Solutions Nigeria Limited	673,873	11,952,018	2,940,990	51,934,983
Route Mobile INC	2,916,739	51,732,177	-	-
Cellent Technologies India Pvt Ltd	546,596	9,694,594	1,411,880	24,932,408
Defero Mobile Pte. Ltd.	-	-	1,016	17,942
Route Voice Limited	732,715	12,995,658	-	-
Due from related parties	47,141,291	836,112,393	6,549,724	115,661,666

The above amounts represent the net receivable from related parties in the normal course of business.



**8 TRANSACTIONS WITH RELATED PARTIES (Contd...)**

**B) DUE TO RELATED PARTIES**

	31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-17
	AED	INR	AED	INR
Route Mobile (Ghana) Limited	259,041	4,594,433	-	-
Route Mobile Limited	3,148,468	55,842,195	89,880	1,587,192
Defero Mobile Pte. Ltd.	-	-	20,629.00	364,288
Due to related parties	<b>3,407,509</b>	<b>60,436,628</b>	<b>110,509</b>	<b>1,951,480</b>

The above amounts represent the net payable to M/s. Route Mobile Limited, India and M/s. Route Mobile Limited, Ghana in the normal course of business.

C) Remuneration to manager	882,000	15,643,422	417,400	7,370,872
D) Expense Reimbursement -Route Mobile Limited, India	8,400,108	148,986,891	4,100,623	72,412,958

**9 ACCOUNTS RECEIVABLE**

	31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-17
	AED	INR	AED	INR
Sundry debtors	<b>2,769,152</b>	<b>49,114,537</b>	<b>1,123,886</b>	<b>19,846,718</b>

**Ageing of Accounts Receivable**

	31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-17
	AED	INR	AED	INR
0 to 60 days	2,611,875	46,325,016	983,732	17,371,737
60 and above	157,277	2,789,521	140,154	2,474,981
	<b>2,769,152</b>	<b>49,114,537</b>	<b>1,123,886</b>	<b>19,846,718</b>

Accounts receivable are stated net of any required provision and are short term in nature, fair value approximates carrying value.

The company's terms of sale require the amounts to be paid within 60 days of date of invoice.

**10 ADVANCES, DEPOSITS & PREPAYMENTS**

	31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-17
	AED	INR	AED	INR
Advance to suppliers	560,400	9,939,429	-	-
Other receivable	18,517	328,423	-	-
Prepayments	-	-	196,936	3,477,696
	<b>578,917</b>	<b>10,267,853</b>	<b>196,936</b>	<b>3,477,696</b>



**11 ACCOUNTS PAYABLE**

Trade creditors

31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-17
AED	INR	AED	INR
8,390,532	148,817,049	3,501,356	61,830,494

**12 ACCRUALS, PROVISIONS AND OTHER PAYABLES**

Advance from customer

Expense payable

Other Payable

Tax due

31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-17
AED	INR	AED	INR
220,375	3,908,639	67,320	1,188,805
287,045	5,091,118	10,500	185,420
820,993	14,561,384	-	-
13,578	240,824	-	-
1,341,991	23,801,964	77,820	1,374,224

**13 BANK BORROWINGS**

a) Term loan(Long term)

b) Current maturity of Long Term loan

31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-17
AED	INR	AED	INR
2,056,527	36,475,187	-	-
100,131	1,775,961	-	-
2,156,658	38,251,148	-	-

The above balance is subject to independent confirmation from the bank.

**9 REVENUE**

Sales

31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-17
AED	INR	AED	INR
88,714,707	1,569,412,210	108,991,676	1,946,801,544

**10 COST OF REVENUE**

Purchase

31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-17
AED	INR	AED	INR
56,552,338	1,000,442,123	81,107,214	1,448,731,272

**11 OTHER INCOME**

Exchange gain

Interest received

Miscellaneous income

31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-17
AED	INR	AED	INR
747,823	13,229,402.28	166,470	2,973,475
359,067	6,352,094	100,380	1,792,980
13,000	229,977	35,513	634,331
1,119,890	19,811,473	302,363	5,400,786

**12 GENERAL & ADMINISTRATIVE EXPENSES**

Management &amp; administration fees

Managerial remuneration

Business promotion

Legal &amp; professional charges

Software expense

Travelling expense

Office expense

Staff welfare

Insurance

Communication charges

Rental charges

Repairs &amp; maintenance

Vehicle expenses

Audit Fees

Misc expenses

31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-17
AED	INR	AED	INR
8,400,108	148,602,554	4,100,623	73,245,036
882,000	15,603,068	417,400	7,455,569
1,185,881	20,978,890	908,698	16,231,099
706,703	12,501,967	474,132	8,468,912
-	-	7,332	130,964
291,970	5,165,111	498,725	8,908,190
43,618	771,627	6,976	124,605
59,611	1,054,552	51,040	911,673
53,424	945,100	-	-
250,925	4,439,002	77,710	1,388,050
6,013	106,373	-	-
13,064	231,109	-	-
8,565	151,520	-	-
-	-	10,500	187,550
373,905	6,614,586	-	-
12,275,787	217,165,458	6,553,136	117,051,648



### 13 FINANCE CHARGES

	31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-17
	AED	INR	AED	INR
Bank charges	86,115	1,523,422	83,434	1,490,292
Interest on loans	74,811	1,323,448	-	-
	<b>160,926</b>	<b>2,846,870</b>	<b>83,434</b>	<b>1,490,292</b>

### 14 FINANCIAL INSTRUMENTS

#### a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset and financial liability are disclosed in Note 4 to the financial statements.

#### b) Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis.

	As at March, 31 2018	As at March, 31 2018	As at March, 31 2017	As at March, 31 2017
	INR	INR	INR	INR
<b>Financial Assets</b>	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
Investment in subsidiary	2,672,673	2,672,673	2,672,673	2,672,673
Accounts receivable	49,114,537	49,114,537	19,846,718	19,846,718
Advances, deposits & prepayments	10,267,853	10,267,853	3,477,696	3,477,696
Cash and Bank Balance	9,384,741	9,384,741	258,471,276	258,471,276
	<b>71,439,803</b>	<b>71,439,803</b>	<b>284,468,362</b>	<b>284,468,362</b>
<b>Financial Liabilities</b>				
Bank borrowings	38,251,148	38,251,148	-	-
Trade and Other Payables	172,619,013	172,619,013	63,204,718	63,204,718
	<b>210,870,161</b>	<b>210,870,161</b>	<b>63,204,718</b>	<b>63,204,718</b>

Financial instruments comprise of financial assets and financial liabilities.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties.

Financial assets consist of cash and bank balances, trade receivables, investments and certain other assets. Financial liabilities consist of trade payables and accruals, bank borrowings and certain other liabilities, approximate their carrying amounts largely due to the short-term maturities of these instruments.

As at reporting date financial assets and financial liabilities are approximates their carrying values.

### 15 FINANCIAL RISK MANAGEMENT OBJECTIVES

The association management set out the company's overall business strategies and its risk management philosophy, the company's overall financial risk management program seeks to minimize potential adverse effects on the financial-performance of the company. The company policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the company's policy guidelines are complied with.

There has been no change to the company's exposure to these financial risks or the manner in which it manages and measures the risk.

The company is exposed to the following risks related to financial instruments. The company has not framed formal risk management policies, however, the risks are monitored by management on a continuous basis. The company does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

#### a) Foreign currency risk management

The company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The company does not have any significant exposure to currency risk, as most of its assets and liabilities are denominated in U.A.E. Dirham.



#### **15 FINANCIAL RISK MANAGEMENT OBJECTIVES (Contd...)**

##### **b) Interest rate risk management**

The company's exposure to the risk of changes in market interest rates relates primarily to the company's borrowing, with floating interest rates. The company's policy is to manage its interest cost using a mix of fixed and variable rate debts. Interest on financial instruments having floating rates is re-priced at intervals of less than one year and interest on financial instruments having fixed rate is fixed until the maturity of the instrument.

##### **c) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the management which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and equity from shareholders through their current accounts or loans.

##### **d) Credit risk management**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties. The company's exposure are continuously monitored and their credit exposure is reviewed by the management regularly.

Trade receivables consist of a number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables. Further details of credit risks on trade and other receivables are disclosed in the financial statements.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amounts of the financial assets recorded in the financial statements, which is net of impairment losses, represents the company's maximum exposure to credit risks.

#### **16 CREDIT RISK MANAGEMENT**

The company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to the stakeholders through the optimization of the equity balance. The company's overall strategy remains unchanged from prior year.

#### **17 CONTINGENT LIABILITIES**

Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liabilities or capital commitments on Association's account as of balance sheet date.

#### **18 COMPARATIVE FIGURES**

Certain of the prior year figures have been regrouped to conform with the presentation of the current year.

#### **19 GENERAL**

The figures in the financial statements are rounded to the nearest UAE Dirhams.

