



## **Independent Auditors' Report**

**TO,  
THE MEMBERS OF M/s. PINK ELEPHANT FITNESS Private Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of M/s. **PINK ELEPHANT FITNESS Private Limited (hereafter referred to as "the Company")**, which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view .... Auditors

M/S PINK ELEPHANT FITNESS PRIVATE LIMITED					
BALANCE SHEET AS AT 31-03-2016					
				(in Rs.)	
A	<b><u>EQUITY AND LIABILITIES</u></b>	Note No	Figures as on 31.3.2016	Figures as on 31.3.2015	
1	<b><u>SHAREHOLDERS' FUNDS:</u></b>				
a	Share Capital	3	4,56,040.00	3,96,520.00	
b	Reserves & Surplus	4	223,25,457.65	65,16,791.00	
c	Moneys received against Share Warrants		0.00	0.00	
			<b>227,81,497.65</b>	<b>69,13,311.00</b>	
			0.00	0.00	
2	Share Application Money Pending Allotment				
3	<b><u>NON CURRENT LIABILITIES:</u></b>				
a	Long Term Borrowings		0.00	0.00	
b	Deferred Tax Liabilities [Net]		0.00	0.00	
c	Other Long Term Liabilities		0.00	0.00	
d	Long Term Provisions		0.00	0.00	
			0.00	0.00	
4	<b><u>CURRENT LIABILITIES:</u></b>				
a	Short Term Borrowings		0.00	0.00	
b	Trade Payables	5	4,25,907.18	16,776.20	
c	Other Current Liabilities	6	1,03,032.96	22,538.00	
d	Short Term Provisions	7	1,00,233.00	0.00	
			<b>6,29,173.14</b>	<b>39,314.20</b>	
	<b>Total</b>		<b>234,10,670.79</b>	<b>69,52,625.20</b>	
B	<b><u>ASSETS</u></b>				
1	<b><u>NON CURRENT ASSETS:</u></b>				
a	<b>Fixed Assets:</b>				
i	Tangible Assets	12			
	Gross Block		6,10,924.00	1,75,953.00	
	Less: Accumulated Depreciation		1,08,352.00	4,888.00	
	Net Block		5,02,572.00	1,71,065.00	
ii	Intangible Assets		33,000.00	11,000.00	
iii	Capital Work In Progress	10	134,19,419.23	14,72,607.81	
b	<b>Non Current Investments</b>		0.00	0.00	
c	<b>Deferred Tax Asset [Net]</b>	11	64,041.18	18,199.00	
d	<b>Long Term Loans &amp; Advances</b>		0.00	0.00	
e	Other Current Assets		18,400.00	18,400.00	
				0.00	
	<b>Sub Total</b>		<b>140,37,432.41</b>	<b>16,91,271.81</b>	
2	<b><u>CURRENT ASSETS:</u></b>				
a	Current Investments		0.00	0.00	
b	Inventories		0.00	0.00	
c	Trade Receivables		0.00	0.00	
d	Cash & Cash Equivalents	8	2,91,782.07	52,55,494.39	
e	Short Term Loans & Advances	9	90,81,456.31	5,859.00	
f	Other Current Assets		0.00	0.00	
	<b>Sub Total</b>		<b>93,73,238.38</b>	<b>52,61,353.39</b>	
	<b>Total</b>		<b>234,10,670.79</b>	<b>69,52,625.20</b>	
See accompanying notes forming part of the financial statements					

Status: Private Limited Company	Pink Elephant Fitness Private Limited
Year Ending: 31-3-2016	3rd Floor, No. 33/2
Registration No: XXXX00KA2014PTC0XXXXXX	Shahid Enclave 8th Main Road
Incorporation Date: 17/07/2014	12th Cross, Mallayapeta
PAN: XXXXMXXXXX	Rajahmundry-533101

**M/S PINK ELEPHANT FITNESS PRIVATE LIMITED  
AUDITED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31-3-2016**

	PARTICULARS	Note No	For the year ending 31.3.2016	For the year ending 31.3.2015
<b>A</b>	<b>CONTINUING OPERATIONS:</b>			
1	Revenue From Operations [Net]		0.00	0.00
2	Other Income	13	3,85,541.00	0.00
3	Total Revenue [1+2]		<b>3,85,541.00</b>	<b>0.00</b>
4	<b>EXPENSES:</b>			
i	Cost of Materials Consumed		0.00	0.00
ii	Purchase of Stock In Trade		0.00	0.00
	<b>Changes in Inventories of Finished Goods, Work In Progress and</b>			
iii	Stock In Trade		0.00	0.00
iv	Employee Benefit Expense		0.00	0.00
v	Finance Costs		0.00	0.00
vi	Depreciation & Amortisation Expenses	12	1,03,464.00	4,888.00
vii	Other Expenses	14	2,77,066.53	0.00
	Total Expenses [sum of 1 to vii]		<b>3,80,530.53</b>	<b>4,888.00</b>
	Profit before Exceptional & Extra Ordinary Expenses and Taxes			
5	[3-4]		5,010.47	-4,888.00
6	Exceptional Items		0.00	0.00
7	Profit before Extra Ordinary Expenses and Taxes [5-6]		5,010.47	-4,888.00
8	Extra Ordinary Items			
9	Profit before Taxes [7-8]		5,010.47	-4,888.00
10	Tax Expense:			
i	Current Tax Expense for current year		0.00	0.00
ii	Less: MAT Credit		0.00	0.00
iii	Current Tax Expenses relating to prior years		0.00	0.00
iv	Net Current Tax Expense		0.00	0.00
v	Deferred Tax Asset	11	-45,842.18	-18,199.00
			-45,842.18	-18,199.00
11	Profit from Continuing Operations		<b>50,852.65</b>	<b>13,311.00</b>
<b>B</b>	<b>DISCONTINUING OPERATIONS:</b>			
12	<b>Profit / (Loss) from discontinuing operations</b>		0.00	0.00
<b>C</b>	<b>TOTAL OPERATIONS</b>			
13	Profit/(Loss) for the Year		50,852.65	13,311.00
	See accompanying notes forming part of the financial statements			

As per our report of even date attached  
**For M/S MUKUND & ROHIT & CO.,**  
 Chartered Accountants  
 [Firm Registration No:00XXXXXC]

For and on behalf of the Board of Directors

KUMBAKARN  
 Director  
 DIN-689XXXX

<b>NOTE 3: SHARE CAPITAL:</b>				
Particulars	31-3-2016		31-3-2015	
	Number of Shares	₹	Number of Shares	₹
<b>Authorised Capital:</b>				
Equity shares of Rs.10 each	1,00,000.00	1,00,000.00	1,00,000.00	1,00,000.00
<b>Issued, Subscribed &amp; Paid-up Capital:</b>				
Equity Shares of Rs.10/- each	<b>45,604.00</b>	<b>4,56,040.00</b>	<b>39,652.00</b>	<b>3,96,520.00</b>

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh Issue	Other changes (give details)	Closing Balance
Equity Shares with Voting Rights:				
Year ended 31.03.2015				
Number of Shares	39,652.00	0.00	0.00	39,652.00
Amount (Rs)	3,96,520.00	0.00	0.00	3,96,520.00
Year ended 31.03.2016				
Number of Shares	39,652.00	5,952.00	0.00	45,604.00
Amount (Rs)	3,96,520.00	59,520.00	0.00	4,56,040.00

(ii) All Equity Shares are pari passu and belong to same class of shares having equivalent rights and restrictions

(iii) None of the shares has been issued as fully paid in pursuance to contract for consideration other than cash. Further, the company has neither issued bonus shares or bought back shares during the said period. Hence, no disclosure has been made.

(iv) None of the classes of issued and subscribed shares of the company has been forfeited during the year. Hence, no disclosure has been made regarding the aggregate number of forfeited shares and amount originally paid thereon.

(v) All the subscribed shares of the company are fully paid and no calls made are remaining unpaid. Hence, no disclosure is made on number of shares on which calls remain unpaid, amount remaining unpaid thereon as required.

(vi) The Company do not have any Holding Company, Subsidiary Company or Associates. Therefore, no disclosure is made in respect of shares held holding company, subsidiaries or associates as required.

(viii) As at 31st March 2016, no part of share capital has been reserved for issuance towards outstanding employee stock options, outstanding share warrants or convertible securities. Hence, no disclosure is made in respect thereof as required

**NOTE 4: RESERVES & SURPLUS:**

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	₹	₹	₹	₹
<b>Surplus/IDeficit) in Statement of Profit/Loss:</b>				
Opening Balance		13,311.00		0.00
Add: Profit/Loss for the year transferred		50,852.65		13,311.00
Less: Transfers		0.00		0.00
Total Surplus / (Deficit) of Profit/Loss		64,163.65		13,311.00
Share Premium Reserve		222,61,294.00		65,03,480.00
Closing Balance		223,25,457.65		65,16,791.00

**NOTE 5: TRADE PAYABLES:**

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	₹	₹	₹	₹
<b>Trade Payables</b>				
Sundry Creditors for Expenses			1,776.20	1,776.20
Enstage Office Depot	4,636.00			
Google India Private Limited	3,88,652.18			
Green Enabled It Solution Pvt Ltd	3,904.00			
Total Strategic Solutions 1 Pvt Ltd	3,715.00	4,00,907.18		
legal & Professional Fees Payable		25,000.00		15,000.00
TOTAL		4,25,907.18		16,776.20

**NOTE 6: OTHER CURRENT LIABILITIES:**

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	₹	₹	₹	₹
Other Payables:				
Statutory Remittances:				
(i)TDS Payable	63,373.00		22,538.00	
(ii) PT Payable	2,600.00	65,973.00		22,538.00
Credit Card – employee IB		31,355.00		
Credit Card – employee R		4,854.96		
Credit Card - employee U		850		
		1,03,032.96		22,538.00

**NOTE 7: SHORT TERM PROVISION:**

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	₹	₹	₹	₹
Rent Payable		81,000.00		0.00
Accounting Charges Payable		5,439.00		0.00
Telephone Charges Payable		13,794.00		0.00
		1,00,233.00		0.00

**NOTE 8: CASH & CASH EQUIVALENTS:**

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	₹	₹	₹	₹
(a) Balances with bank				
(i) In current accounts				
PNB Bank(7361569)	89,270.36		1,16,995.10	
PNB Bank(175161)	0.00		50,10,500.00	
SBP Bank	1,45,373.71		1,27,999.29	
ICICI	51,000.00	2,85,644.07		52,55,494.39
(b) Cash		6,138.00		
Total		2,91,782.07		52,55,494.39

**NOTE 9 : SHORT TERM LOAN AND ADVANCES**

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	₹	₹	₹	₹
(a) TDS Receivable		38,554.10		5,859.00
(b) Advance to Raghu		33,334.00		0.00
C)Rent Deposit		1,00,000.00		0.00
(d) Water Can Deposit		230.00		0.00
(e) Fixed Deposits				
PNB A/c No – 503000880	5,38,113.20			
PNB A/c No – 503001187	33,32,832.38			
PNB A/c No - 503001355	50,13,598.10	88,84,543.68		0.00
(f) Advance to Suppliers				
Incipio Red Bricks	2,528.00			
Leo Edunomics	10,000.00			
PUBLICIST NETWORK PVT LTD	425.00	12,953.00		0.00
(g)Advance to Kumbakarna		11,841.53		0.00
Total		90,81,456.31		5,859.00

**NOTE 10: Capital Work In Progress**

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	₹	₹	₹	₹
Bank Charges		4,363.58		282.90
Content Acquisition Cost		11,91,595.00		1,48,434.00
Legal and Compliance		50,759.00		64,320.00
Marketing		14,73,640.77		86,942.31
Printing and Stationery		61,941.00		3,585.00
Professional Fees		4,87,546.61		2,83,078.00
Rent		4,95,000.00		21,268.54

Salaries		60,72,875.33		7,31,246.00
Sundry Expenses		0.00		7,409.81
Travel and Business Development		2,28,969.63		87,597.26
Website Registration and Hosting		0.00		23,443.99
Audit Fees		35,000.00		15,000.00
Brokerage		25,281.00		0.00
Computer Maintenance		22,729.55		0.00
Conveyance		52,883.00		0.00
Donation		3,500.00		0.00
Electricity Charges		30,472.59		0.00
Foreign Exchange Fluctuation		17,512.62		0.00
Insurance Charges		1,07,240.00		0.00
Miscellaneous Expenses		7,859.00		0.00
Newspaper and Periodicals		2,375.00		0.00
Office Expenses		1,54,241.00		0.00
Postage & Courier		17,080.70		0.00
Repairs and Maintenance		18,367.00		0.00
Telephone & Internet Charges		91,172.29		0.00
Water Charges		5,320.00		0.00
Write Off Account		5,343.75		0.00
Support cost		12,83,743.00		0.00
Previous CWIP		14,72,607.81		0.00
<b>Total</b>		<b>134,19,419.23</b>		<b>14,72,607.81</b>

<b>NOTE 11: DEFERRED TAX:</b>	<b>31st March 2016</b>			<b>31st March 2015</b>		
	<b>₹</b>	<b>Deferred Tax Liability</b>	<b>Deferred Tax Asset [DTA]</b>	<b>₹</b>	<b>Deferred Tax Liability</b>	<b>Deferred Tax Asset [DTA]</b>
<b>Particulars</b>						
<b>Year ending</b>						
<b>1. Difference in WDV</b>						
As per Books of Accounts	5,02,572.00			1,82,065.00		
As per Income Tax	3,43,217.00			1,23,167.00		
Difference (RTD)	1,59,355.00	49,241.00	0.00	58,898.00	18,199.00	0.00
<b>2. Disallowance U/s 40 (a) (ia)</b>	0.00			0.00	0.00	0.00
<b>2. Disallowance U/s 43B</b>	0.00		0.00	0.00	0.00	0.00
<b>Sub Total</b>		49,241.00	0.00		18,199.00	0.00
<b>Deferred Tax to be recognised during the year</b>		-49,241.00			-18,199.00	
Add: Opening balance of DTA/DTL		-18,199.00			0.00	
<b>Net Deferred Tax Asset/Liabilities</b>		-67,440.00			-18,199.00	

<b>NOTE 12: FIXED ASSETS:</b>											
TANGIBLE ASSETS	Useful Life	SLM Rate	Gross Block				Depreciation Block			Net Block	
			Opening Balance	Additions during the year	Disposals during the year	Closing Balance	Opening Balance	Depreciation/A mortisation expense for the year	Closing Balance	WDA as at 31.3.2016	WDA as at 31.3.2015
<u>Intangible Assets</u>											
Trade Mark			11,000.00	22,000.00	0.00	33,000.00	0.00	0.00	0.00	33,000.00	11,000.00
Tangible Assets											
Computers & Printers[Owned]	3 Years	31.67%	1,75,953.00	3,91,233.00	0.00	5,67,186.00	4,888.00	99,185.00	1,04,073.00	4,63,113.00	1,71,065.00
Furniture and Fixture	10 Years	9.50%	0.00	35,000.00	0.00	35,000.00	0.00	3,048.00	3,048.00	31,952.00	0.00
Office Equipments	5 Years	19.00%	0.00	8,738.00	0.00	8,738.00	0.00	1,231.00	1,231.00	7,507.00	0.00
<b>TOTAL</b>			1,86,953.00	4,56,971.00	0.00	6,43,924.00	4,888.00	1,03,464.00	1,08,352.00	5,35,572.00	1,82,065.00
PREVIOUS YEAR (Total)			0.00	1,86,953.00	0.00	1,86,953.00	0.00	4,888.00	4,888.00	0.00	1,82,065.00

Notes:

1. Capital Items whose cost do not exceed Rs. 4,000/- on Individual Basis has been written Off during the Year as per the policy of the company
2. The figures of Depreciation and Amortisation stated above relates to Continuing Operations.
3. No amounts has been written off on reduction of capital or revaluation of assets or sums added to assets on revaluation during preceding 5 Years.
4. None of the assets has been acquired during the year under hire purchase agreements.
5. All the assets stated above are fully owned by the company and none of the assets are jointly owned by the company.
6. None of the assets stated above has been acquired on financial lease or operating lease.
7. None of the assets stated above has been given on operating lease.
8. None of the assets stated above has been revalued during the year.
9. No Depreciation has been claimed on assets purchases and not put to use during the year

KUMBAKARNA  
Director  
DIN-0689XXXX

SHIVALI  
Director  
DIN-0705xxxx

<b>NOTES ACCOMPANYING THE FINANCIAL STATEMENTS:</b>				
<b>NOTE 13: Other Income:</b>				
<u>Particulars</u>	<b>For the year ending 31.3.2016</b>		<b>For the year ending 31.3.2015</b>	
	₹	₹	₹	₹
Interest on FD		1,85,541.00		0.00
Receipts From Offline Services		2,00,000.00		0.00
<b>Grand Total</b>		<b>3,85,541.00</b>		<b>0.00</b>
<b>NOTE 14: Other Income:</b>				
<u>Particulars</u>	<b>For the year ending 31.3.2016</b>		<b>For the year ending 31.3.2015</b>	
	₹	₹	₹	₹
Travelling & Business Development		2,68,277.34		0.00
Rates & Taxes		8,791.00		0.00
Round off		-1.81		
<b>Grand Total</b>		<b>2,77,066.53</b>		<b>0.00</b>

**ACCOUNTING POLICIES AND RESIDUAL NOTES FORMING PART OF FINANCIAL STATEMENTS.**

**1. Company overview**

Pink Elephant Fitness Care Pvt. Ltd. (Pink Elephant or the Company), is an India based provider of a platform for enabling user to consume and share information on fitness-care services through web mobile, and other interfaces. Pink Elephant is a private limited company incorporated and domiciled in India. The address of its registered office is: Pink Elephant Fitness Private Limited, 3rd Floor, No. 33/2 Shahid Enclave Mallayapeta, Rajahmundry-533101.

**2. Significant Accounting policies.**

**1. Accounting Conventions:**

The Financial statements are prepared under historical cost convention, on the basis of a going concern, with revenues recognized and expenses accounted on their certification including provisions / adjustments for the committed obligations and amounts determined as payable or receivables during the year.

These financial statements are prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) to company with the Accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable.

**2. Fixed Assets;**

- Fixed Assets purchased during the year, are capitalized at acquisition cost including directly attributable costs such as freight, taxes, insurance and specific installation & incidental charges for bringing the assets to its working condition. Financial cost incurred up to date of commissioning the assets/ are capitalized.
- The company has registered its trade mark and create Intangible assets, cost of registering Trade mark are capitalized by the company,
- The company is in the process of preparing a mobile application, for the same all of the expense incurred by the company directly or indirectly are capitalized and shown as Capital Work in Process. This amount will be converted into Fixed assets once application will be ready.

**3. Provisions:**

The Company creates a provision when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.



#### 4. Contingent Liabilities

A Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the organization or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A Contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The organization does not recognize a contingent liability but discloses its existence in the financial statements.

#### 5. Taxes on Income

Income Tax expense comprises current tax (i.e., amount of tax for the period determined in accordance with the Income tax law), deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period)

Current tax expense is recognized on an annual basis under the taxes payable method, based on the estimated tax liability computed after taking credit for allowances and exemption in accordance with the income Tax Act, 1961. In case of matter under appeal due to disallowance or otherwise, full provision is made when said liabilities are accepted by the company.

##### Deferred Taxation.

The deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred tax assets are recognized and carried forward only if there is a virtual/ reasonable certainty that they will be realized and are reviewed for appropriate of their respective carrying values at each balance sheet date.

#### 6. Use of Estimates

The preparation of Financial statements in conformity with Indian GAAP required the management to make judgments, estimates and assumptions that effect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

##### 1. Audit Fees Includes: (Amount in Rs.)

	Current Year
i. Audit Fees for Statutory Audit	20,000/-
ii. Fees Paid to Auditor for Taxation Matter	5,000/-

##### 2. Expenditure in Foreign Currency:

SLNO	Nature of Payments	Payment in Foreign Currency	Equivalent Amount in Indian currency
1	Marketing	1398.82 USD	93488/-
2.	Travelling Expenses (Credit Card)	2500 Euro	19079/-

3. Number of Employees employed throughout the year and who were in receipt of remuneration of Rs. 60,00,000/- or more per annum or Rs. 5,00,000 per month or if employed for part of the year : NIL

4. Accounting Standard 26 Applies to an intangible Assets. This is a resource controlled by an enterprise as a result of past events and from which future economic benefits are expected to flow the enterprises. Research and Development are directed to development of knowledge. Therefore, although these activities may result in an asset with physical substance, the physical element of the assets is secondary to its intangible component that is knowledge embodied in it.

The company is under process of developing web / mobile based interface which enabling user to consume and share information oh fitnesscare services. Fair Value of an assets so generated is the amount for which that assets could be exchanged between knowledgeable, willing parties in an aim's length transaction.

and on behalf of the Board of Directors of Pink Elephant Fitness Private Limited  
(Kumbakarna) (Shivali)

Director Director  
DIN- 0689XXXX DIN- 0705xxxx

As per our report of even date

For Rohit Mukund & Rohit & Company. Chartered Accountants

FRN 00XXXXC

(ROHIT- FCA) Proprietor.

M No: 07XXXX Date: 16/07/2016