



**M. L. SHARMA & CO. (Regd.)**  
**CHARTERED ACCOUNTANTS**

107, Chartered House, 297 - 299, Dr. C. H. Street, Behind Dolours Church, Marine Lines, Mumbai - 400 002.  
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**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF**  
**TECHNOSOFT ENGINEERING PROJECTS LIMITED**  
**(FORMELY TECHNOSOFT INFORMATION TECHNOLOGIES**  
**(INDIA) LTD)**

**Report on the Standalone Financial Statements**

We have audited the accompanying Standalone financial statements of **TECHNOSOFT ENGINEERING PROJECTS LIMITED (FORMELY TECHNOSOFT INFORMATION TECHNOLOGIES (INDIA) LIMITED)**, ("the company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

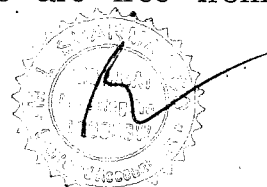
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 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 a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and reasonableness of the accounting estimates made by the 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 Standalone financial statements.

### **Opinion**

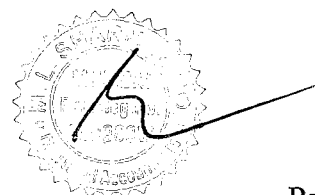
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its **Profit** and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

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 Companies Act, 2013, we give in the **Annexure - A**, a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

As required by section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.



- (d) In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the Written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of section 164 (2) of the Act.
- (f) 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 - B.
- (g) 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:
- The company has disclosed the impact of pending litigations on its financial position in its financial statement – Refer Note II 3 of Note no. 24 to the financial statement.
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.



For M. L. SHARMA & CO.  
FIRM REG. NO. 109963W  
CHARTERED ACCOUNTANTS

(C. H. BANDI) PARTNER  
Membership No.5385

Place of Signature: Mumbai

Date: 27 MAY 2016

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS REPORT**

**The Annexure referred to in our Report of even date to the Members of TECHNOSOFT ENGINEERING PROJECTS LIMITED (FORMLY TECHNOSOFT INFORMATION TECHNOLOGIES (INDIA) LIMITED) on the Standalone Financial Statements for the year ended 31st March, 2016, We report that:**

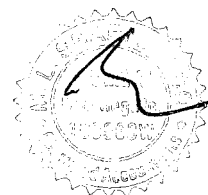
- 1a According to information and explanations given to us, The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- 1b We have been informed that, the fixed assets have been physically verified by the Management at the year end. In our opinion, the frequency of verification is reasonable with regard to the size of the company and nature of assets. According to information and explanations given to us by the management, no material discrepancy was noticed on such verification.
- 1c The title deeds of the property as disclosed in Fixed Assets Note No. 8 to the financial statements are held in the name of the company.
2. The Company is a Service Company, primarily rendering information Technology Services. Accordingly, it does not hold any Physical Inventories. Thus, a provision of Paragraph 3 (ii) of the Order is not applicable to the Company.
3. The Company has not granted any loans, secured or unsecured to the Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the companies Act, 2013 and Accordingly, provision of clause 3 (iii), (iii) (a), (iii) (b) & (iii) (c) of the order, are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the company has not granted any loans or provided any guarantees or security in respect of any loans to any party covered under section 185 of the Act. In respect of loans granted to, guarantees or security in respect of any loan and Investments made in body corporate by the Company, the provisions of Section 186 of the Act has been complied with.
5. The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 and any other relevant provision of the Companies Act, 2013 and the rules framed there under apply.
6. The Central Government of India has not prescribed the Maintenance of cost records under section 148 (1) of the Companies Act, 2013 for any of the Services rendered by the Company and accordingly Maintenance of cost records under section 148 (1) of the Companies Act, 2013 is not applicable to the company.



- 7 a According to the information and explanation given to us and the records of the Company examined by us, the Company is generally regular in depositing provident fund dues, employees state insurance, income tax, sales tax, service tax, custom duty, excise duty, cess and any other statutory dues with the appropriate authorities and there are no undisputed amounts payable for the same were outstanding as at 31st March, 2016 for a period exceeding six months from the date they became payable;
- 7 b According to the information and explanation given to us and the records of the Company examined by us, the Particulars of disputed statutory dues under various act as at 31st March, 2016 which have not been deposited with the appropriate authorities are as under: -

<b>Name of the Statute</b>	<b>Nature of dues</b>	<b>Amount (Rs)</b>	<b>Forum where dispute is pending</b>
Central Sales Tax Act, 1956	Sales Tax (CST) for the F.Y 2007-08	1,56,961/-	Appeal filed with Deputy Commissioner of Sales Tax (Appeals) II, Mumbai.
Income Tax Act, 1961	Penalty For A.Y 2011-2012	94,000/-	CIT (Appeal), Mumbai, 18
Income Tax Act, 1961	Income Tax Demand for A. Y. 2012-2013	8,16,190/-	CIT (Appeal), Mumbai, 18

8. According to information and explanations given to us the company has not defaulted in repayment of loans or borrowings to a financial institution or bank and company does not have any outstanding loans or borrowing from Government or dues to debenture holders during the year.
9. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the Company has not availed any term loans during the current year and accordingly the provision of clause 3 (ix) of the order is not applicable to the Company.
10. According to the information and explanations given to us, no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
11. In our opinion, and according to the information and explanations given to us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the companies Act, 2013.
12. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the order are not applicable to the Company.



13. In our opinion, and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the companies Act, 2013 where applicable. The details of related party transactions have been disclosed in the financial statements as required under Accounting Standard "18", Related Party Disclosures specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. In our opinion, and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the and accordingly the provisions of clause 3 (xiv) of the order is not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not entered into any Non-Cash transaction with directors or persons connected with the directors.
16. In our opinion and according to the information and explanations given to us, the company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

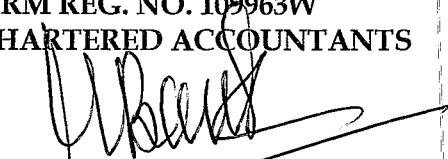
**Place of Signature: Mumbai**

**Date:**

27 MAY 2016



**For M. L. SHARMA & CO.  
FIRM REG. NO. 109963W  
CHARTERED ACCOUNTANTS**

  
**(C. H. BANDI) PARTNER  
Membership No.5385**

## ANNEXURE - "B" TO THE INDEPENDENT AUDITORS REPORT

The Annexure referred to in our Report of even date to the Members of **TECHNOSOFT ENGINEERING PROJECTS LIMITED (FORMLY TECHNOSOFT INFORMATION TECHNOLOGIES (INDIA) LIMITED)** for the year ended 31st March, 2016. We report that:

**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 internal financial controls over financial reporting of **TECHNOSOFT ENGINEERING PROJECTS LIMITED (FORMELY TECHNOSOFT INFORMATION TECHNOLOGIES (INDIA) LIMITED)**, ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

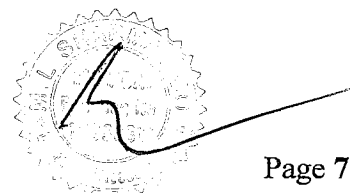
### Management's Responsibility for Internal Financial Controls

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 ('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.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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.

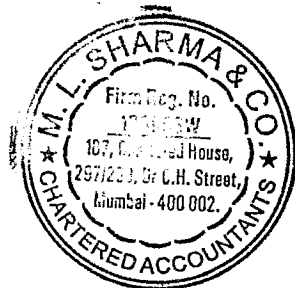
### Opinion

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 March 31, 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.

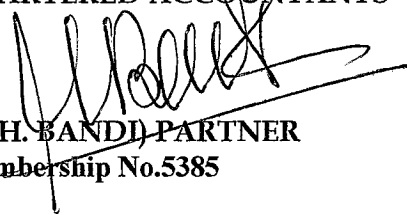
Place of Signature: Mumbai

Date:

27 MAY 2016



For M. L. SHARMA & CO.  
FIRM REG. NO. 109963W  
CHARTERED ACCOUNTANTS

  
(C. H. BANDI) PARTNER  
Membership No. 5385



Technosoft Engineering Projects Limited  
(formerly known as Technosoft Information Technologies (India) Limited)

Balance Sheet As At 31st March 2016

Particulars	Note No.	As At 31-Mar-16 Amount (Rs.)	As At 31-Mar-15 Amount (Rs.)
<b>I Equity &amp; Liabilities:-</b>			
<b>1 Shareholders Funds</b>			
Share Capital	1	55,33,600.00	55,33,600.00
Reserves & Surplus	2	30,00,25,791.78	26,24,72,458.25
		<u>30,55,59,391.78</u>	<u>26,80,06,058.25</u>
<b>2 Non-Current Liabilities</b>			
Other Non current Liabilities	3	1,77,02,032.00	85,53,200.00
Deferred Tax Liabilities		-	32,66,489.00
		<u>1,77,02,032.00</u>	<u>1,18,19,689.00</u>
<b>3 Current Liabilities</b>			
Short Term Borrowings	4	1,94,95,336.55	3,16,18,126.93
Trade Payables	5	10,69,609.09	6,62,594.30
Other Current Liabilities	6	1,87,79,146.00	1,47,25,890.38
Short Term Provisions	7	29,13,148.60	45,48,641.60
		<u>4,22,57,240.24</u>	<u>5,15,55,253.21</u>
		<u>36,55,18,664.02</u>	<u>33,13,81,000.46</u>
<b>II Assets:-</b>			
<b>1 Non-Current Assets</b>			
Fixed Assets	8		
Tangible Assets		11,35,35,090.49	11,86,41,792.79
Intangible Assets		71,03,246.03	58,67,578.20
Capital Work In Progress		33,509.85	-
		<u>12,06,71,846.37</u>	<u>12,45,09,370.99</u>
Non-current Investment	9	17,48,71,753.00	15,98,71,753.00
Deferred Tax Assets		36,43,580.35	35,24,363.35
Other Non Current Assets	10	1,35,99,819.00	10,99,819.00
		<u>19,21,15,152.35</u>	<u>16,44,95,935.35</u>
<b>2 Current Assets</b>			
Current Investment	11	50,00,000.00	-
Trade Receivables	12	3,90,04,931.33	2,29,90,144.54
Cash & Cash Equivalent	13	17,33,277.28	1,35,58,585.60
Short Term Loans & Advances	14	2,15,500.84	1,17,000.42
Other Current Assets	15	67,77,955.85	57,09,963.56
		<u>5,27,31,665.30</u>	<u>4,23,75,694.12</u>
		<u>36,55,18,664.02</u>	<u>33,13,81,000.46</u>

Significant Accounting Policies and  
Notes forming part of Accounts

24

As Per Our Report Of Even Date

For M.L.Sharma & Co.  
Firm Reg.No.109966W  
Chartered Accountants

C.H.Bandi (Partner)  
Membership No.5385

Place: Mumbai  
Date: 27 MAY 2016

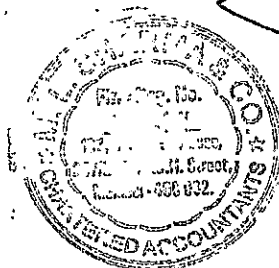
For Technosoft Engineering Projects Ltd.

Director

Navnet Saha  
DIN 00035686

Director

Sudarshan Saha  
DIN 00035799



Technosoft Engineering Projects Limited  
(formerly known as Technosoft Information Technologies (India) Limited)

Statement Of Profit & Loss For The Period Ended 31st March 2016

Particulars	Note No.	For the year ended	For the year ended
		31-Mar-16 Amount (Rs.)	31-Mar-15 Amount (Rs.)
<b>Revenue</b>			
Revenue From Operations	16	25,79,85,483.00	24,52,69,252.00
Other Income	17	2,31,29,828.31	2,23,35,216.18
<b>Total Revenue</b>		<b>28,11,15,311.31</b>	<b>26,76,04,468.18</b>
<b>Expenses</b>			
Engineering & Design Expenses	18	12,52,499.00	37,33,687.48
Employees Benefits Expenses	19	17,48,41,085.25	16,23,75,762.04
Finance Cost	20	16,40,103.59	46,99,669.94
Depreciation		1,77,91,795.56	2,24,89,147.12
Other Expenses	21	3,50,97,200.38	3,43,66,005.74
<b>Total Expenses</b>		<b>23,06,22,683.78</b>	<b>22,76,64,272.32</b>
<b>Profit Before Taxation</b>		<b>5,04,92,627.53</b>	<b>3,99,40,195.86</b>
<b>Tax Expenses</b>			
Current Tax	22	1,63,25,000.00	1,37,08,000.00
Deferred Tax		(33,85,706.00)	(23,58,560.00)
<b>Profit After Taxation</b>		<b>3,75,53,333.53</b>	<b>2,85,90,755.86</b>
<b>Earning Per Share (Basic &amp; Diluted)</b>	23	<b>67.86</b>	<b>51.67</b>
Significant Accounting Policies and Notes forming part of Accounts.	24		

As Per Our Report Of Even Date  
For M. L. Sharma & Co.  
Firm Reg. No. 109963W  
Chartered Accountants

For Technosoft Engineering Projects Ltd.

C.H. Bandi ( Partner)  
Membership No. 5385

Place : Mumbai  
Date : 27 MAY 2016



Director  
Navneet Saraf  
00 035686

Director  
Sudarshan Saraf  
000 35799

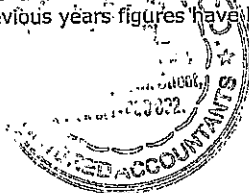
**Technosoft Engineering Projects Limited**  
(formerly known as Technosoft Information Technologies (India) Limited)

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2016**

PARTICULARS	AS AT 31/03/2016 AMOUNT (Rs.)	AS AT 31/03/2015 AMOUNT (Rs.)
<b>A. Cash flow from operating activities:</b>		
Net (loss)/profit before tax	5,04,92,627.53	3,99,40,195.86
<b>Adjustments for:</b>		
Depreciation	1,77,91,795.56	2,24,89,147.12
Interest Expense	15,16,738.00	45,69,039.00
Interest Income	(12,50,579.71)	(4,70,847.04)
(Gain)/Loss on Exchange (Net)	(17,46,091.04)	8,57,308.75
<b>Operating profit before working capital changes</b>	<b>6,68,04,490.34</b>	<b>6,73,84,843.69</b>
<b>Adjustments for changes in working capital :</b>		
- (INCREASE)/DECREASE in Loans , Advances & other current asset	(12,05,505.71)	15,68,404.79
- (INCREASE)/DECREASE in Sundry Debtors	(1,60,14,786.79)	19,20,321.00
- INCREASE/(DECREASE) in Trade and Other Payables	1,33,53,834.62	(39,05,442.85)
<b>Cash generated from operations</b>	<b>6,29,38,032.46</b>	<b>6,69,68,126.63</b>
- Taxes (Paid) / Received	(1,77,05,225.00)	(1,24,98,143.00)
(Gain)/Loss on Exchange (Net)	17,46,091.04	(8,57,308.75)
<b>Net cash from operating activities (A)</b>	<b>4,69,78,898.50</b>	<b>5,36,12,674.88</b>
<b>B. Cash flow from Investing activities:</b>		
Purchase of Fixed Assets (Including Capital WIP)	(1,39,54,271.15)	(85,43,455.53)
Net Investment in Bank Deposits (original Maturity of more than 3 Months)	-	(1,00,00,000.00)
Interest Received	12,89,592.71	4,13,922.50
Net Changes In Investment	(2,00,00,000.00)	-
<b>Net cash used in investing activities (B)</b>	<b>(3,26,64,678.44)</b>	<b>(1,81,29,533.03)</b>
<b>C. Cash flow from financing activities:</b>		
Interest Paid	(15,16,738.00)	(45,69,039.00)
Net Short Term Borrowings	(1,36,55,621.00)	(2,85,17,177.77)
Net short term borrowings from Banks	15,32,830.62	(23,94,419.92)
<b>Net cash used in financing activities ( C )</b>	<b>(1,36,39,528.38)</b>	<b>(3,54,80,636.69)</b>
Net Increase/(Decrease) In Cash & Cash Equivalents (A)+(B)+(C)	6,74,691.68	2,505.15
Cash and cash equivalents at the beginning of the year	48,585.60	46,080.45
<b>Cash and cash equivalents at the end of the year</b>	<b>7,23,277.28</b>	<b>48,585.60</b>
<b>Cash and cash equivalents comprise</b>		
Cash on hand	95,893.19	48,030.19
Balance with Scheduled Banks (In Current Account)	6,27,384.09	555.41
<b>Balance as per Balance Sheet</b>	<b>7,23,277.28</b>	<b>48,585.60</b>

**Notes**

- 1 The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by The Institute of Chartered Accountants of India.
- 2 Figures in brackets indicate cash outgo.
- 3 The above Cash & Cash Equivalent does not include Term Deposits having Original Maturity of more than 3 months.
- 4 Previous years figures have been regrouped and recast wherever necessary to conform to the current period classification



As per our Report of Even Date  
For **M. L. SHARMA & Co.**  
Firm Reg. No. 109963W  
Chartered Accountants

**(C. H. PANDI ) PARTNER**  
M.No. 5385

Directors  
**Navneet Saraf**  
DIN 00035686

Directors  
**Sudarshan Saraf**  
DIN 00035799

Place: Mumbai  
Date: 27 MAY 2016

**Technosoft Engineering Projects Limited**  
(formerly known as Technosoft Information Technologies (India) Limited)

**Notes To Financial Statements For The Period Ended 31st March 2016**

Particulars	As At	As At
	31/03/2016	31/03/2015
	AMOUNT (Rs.)	AMOUNT (Rs.)
<b>Note "1" : Share Capital</b>		
<b>Authorised</b>		
6,00,000 ( P.Y.-6,00,000) Equity Shares Of Rs.10/- Each	60,00,000.00	60,00,000.00
	<b>60,00,000.00</b>	<b>60,00,000.00</b>
<b>Issues, Subscribed &amp; Paid Up</b>		
5,53,360 (P.Y.-5,53,360) Equity Shares of Rs 10/- each fully paidup	55,33,600.00	55,33,600.00
	<b>55,33,600.00</b>	<b>55,33,600.00</b>

Note :

A. The company has only one class of Equity Shares having a par value of Rs. 10/- per share.  
Each Shareholder is eligible for one vote per share.

B. The Reconciliation of the number of share outstanding at the year end is set out below

Particulars	31/03/2016		31/03/2015	
	Number	Rs	Number	Rs
Shares outstanding at the beginning of the year	5,53,360	55,33,600	5,53,360	55,33,600
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	5,53,360	55,33,600	5,53,360	55,33,600

Name of the Shareholder	31/03/2016		31/03/2015	
	No. of Share held	% of Holding	No. of Share held	% of Holding
Technocraft Industries (India) Ltd	4,99,930.00	90.34	4,99,930.00	90.34

Other disclosures pursuant to Note no. 6 of Part I of Schedule III to the Companies Act, 2013 is either Nil or not applicable to the Company.

Technosoft Engineering Projects Limited  
(formerly known as Technosoft Information Technologies (India) Limited)

Notes To Financial Statements For The Period Ended 31st March 2016

Particulars	As At 31/03/2016 AMOUNT (Rs.)	As At 31/03/2015 AMOUNT (Rs.)
<b>Note "2" : Reserves &amp; Surplus</b>		
<b>General Reserve</b>		
As Per Last Balance sheet	14,75,00,000.00	14,75,00,000.00
Add: Transfer from Current Year	-	-
	<u>14,75,00,000.00</u>	<u>14,75,00,000.00</u>
<b>Capital Redemption Reserve</b>		
As Per Last Balance sheet	2,50,000.00	2,50,000.00
<b>Securities Premium</b>		
As Per Last Balance sheet	1,12,98,750.00	1,12,98,750.00
<b>Surplus in Statement of Profit &amp; Loss</b>		
As Per Last Balance sheet	10,34,23,708.25	7,68,21,087.96
Add : Net Profit for the period	3,75,53,333.53	2,85,90,755.86
Add/ (Less) : Tax Adjustment of Earlier Years	-	(11,47,204.00)
Add/ (Less) : Transfer from Fixed Assets (Net of Deferred Tax)	-	(8,40,931.57)
	<u>14,09,77,041.78</u>	<u>10,34,23,708.25</u>
	<u><u>30,00,25,791.78</u></u>	<u><u>26,24,72,458.25</u></u>
<b>Note "3" : Other Non Current Liabilities</b>		
Gratuity Payable	58,38,338.00	53,09,771.00
Leave Salary Payable	12,90,858.00	10,06,173.00
Deposits (from Tenants)	1,05,72,836.00	22,37,256.00
	<u>1,77,02,032.00</u>	<u>85,53,200.00</u>
<b>Note "4" : Short Term Borrowings</b>		
<b>Loans and advances from Bank - Secured</b>		
Bank Overdraft (Secured against pledge of Fixed Deposits)	90,59,157.55	75,26,326.93
<b>Loans and advances from Related Party - Unsecured</b>		
Ashrit Holdings Ltd (Terms Of Repayment - On Demand) (Rate of Interest - 10% P.A)	1,04,36,179.00	2,40,91,800.00
	<u>1,94,95,336.55</u>	<u>3,16,18,126.93</u>

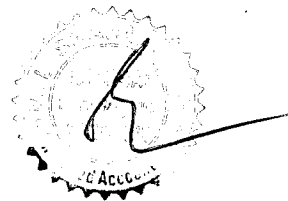
Technosoft Engineering Projects Limited  
(formerly known as Technosoft Information Technologies (India) Limited)

Notes To Financial Statements For The Period Ended 31st March 2016

Particulars	As At 31/03/2016 AMOUNT (Rs.)	As At 31/03/2015 AMOUNT (Rs.)
<b>Note "5" : Trade Payables</b>		
Total Outstanding due to Micro & Small Enterprises	3,06,333.48	-
Total Outstanding due to Creditors Other than Micro & Small Enterprises	7,63,275.61	6,62,594.30
	<u>10,69,609.09</u>	<u>6,62,594.30</u>
<b>Note "6" : Other Current Liabilities</b>		
Other Liabilities For Expenses	1,72,85,466.00	79,38,702.91
TDS Payable	10,08,117.00	9,69,172.00
Statutory Dues to the Govt Department	2,82,298.00	35,600.00
Other Deposits	2,03,265.00	57,82,415.47
	<u>1,87,79,146.00</u>	<u>1,47,25,890.38</u>
<b>Note "7" : Short Term Provisions</b>		
<u>Provision for Employee benefits</u>		
Gratuity Payable	1,99,753.00	1,68,425.00
Provision For Leave Salary	39,743.00	3,26,339.00
	<u>2,39,496.00</u>	<u>4,94,764.00</u>
<u>Others</u>		
Provision for Income Tax	6,27,85,818.00	4,64,60,818.00
Less: Advance Tax	6,01,12,165.40	4,24,06,940.40
	<u>26,73,652.60</u>	<u>40,53,877.60</u>
	<u>29,13,148.60</u>	<u>45,48,641.60</u>



<b>Technosoft Engineering Project Limited</b>										
<b>(formerly known as Technosoft Information Technologies (India) Limited)</b>										
<b>NOTE - "8" FIXED ASSETS</b>										
<b>DESCRIPTION</b>	<b>GROSS BLOCK</b>				<b>DEPRECIATION</b>				<b>NET BLOCK</b>	
	As on	Addition During	Sale/	As on	Upto	For the	Adjustment	Upto	W.D.V.	W.D.V.
	01/04/2015	the year	Transfer	31/03/2016	01/04/2015	Period	Written Off to Retained Earnings	31/03/2016	As on 31/03/2016	As on 31/03/2015
<b>I) TANGIBLE ASSETS</b>										
<b>LAND &amp; BUILDING</b>										
Leasehold Land	76,872.00	-	-	76,872.00	35,928.00	898.00	-	36,826.00	40,046.00	40,944.00
Office Building (phase I & II)	12,04,22,190.93	-	-	12,04,22,190.93	2,55,86,694.64	45,95,778.99	-	3,01,82,473.62	9,02,39,717.31	9,48,35,496.87
Office Premises	33,68,175.00	-	-	33,68,175.00	12,82,629.11	1,02,363.54	-	13,84,992.65	19,83,182.35	20,85,545.89
Staff Quarter	11,97,880.00	-	-	11,97,880.00	4,29,354.05	37,330.21	-	4,66,684.26	7,31,195.74	7,68,525.95
<b>PLANT &amp; MACHINERY</b>										
Facsimile Machine	15,500.00	-	-	15,500.00	14,725.00	-	-	14,725.00	775.00	775.00
Computer	4,00,20,318.49	38,77,583.39	-	4,38,97,901.88	3,63,00,386.36	23,19,163.72	-	3,86,19,550.08	52,78,351.80	37,19,931.93
Electrical Installation	1,54,56,182.39	2,06,311.71	-	1,56,62,494.10	88,36,002.71	20,89,388.10	-	1,09,25,390.81	47,37,103.29	66,20,179.68
Air Conditioner	70,76,590.90	14,59,954.00	-	85,36,544.90	57,10,506.91	6,93,082.53	-	64,03,589.44	21,32,955.46	13,66,083.99
Tube Well	93,220.38	-	-	93,220.38	51,744.74	19,779.42	-	71,524.15	21,696.23	41,475.64
Generator	25,13,373.00	-	-	25,13,373.00	21,63,473.05	82,907.83	-	22,46,380.88	2,66,992.12	3,49,899.95
Office Equipments	10,77,541.67	8,23,702.30	-	19,01,243.97	9,24,827.81	1,53,302.98	-	10,78,130.80	8,23,113.17	1,52,713.59
Water cooler	45,228.24	-	-	45,228.24	42,058.24	908.21	-	42,966.45	2,261.79	3,170.16
Motor Car & Vechicles	45,26,619.00	-	-	45,26,619.00	27,56,015.93	5,97,203.63	-	33,53,219.56	11,73,399.44	17,70,603.07
Laboratory Equipments	17,84,765.49	-	-	17,84,765.49	7,28,629.62	2,94,869.81	-	10,23,499.42	7,61,266.07	10,56,135.88
<b>FURNITURE &amp; FIXTURES</b>										
	1,54,85,682.13	12,99,024.50	-	1,67,84,706.63	96,55,370.88	17,86,301.03	-	1,14,41,671.91	53,43,034.72	58,30,311.19
<b>II) INTANGIBLE ASSETS</b>										
Computer Software	2,70,12,212.95	62,54,185.40	-	3,32,66,398.35	2,11,44,634.75	50,18,517.57	-	2,61,63,152.32	71,03,246.03	58,67,578.20
<b>Total</b>	<b>24,01,72,352.58</b>	<b>1,39,20,761.30</b>	<b>-</b>	<b>25,40,93,113.88</b>	<b>11,56,62,981.81</b>	<b>1,77,91,795.56</b>	<b>-</b>	<b>13,34,54,777.36</b>	<b>12,06,38,336.52</b>	<b>12,45,09,370.99</b>
<b>PREVIOUS YEAR</b>	<b>23,16,26,897.04</b>	<b>85,43,455.53</b>	<b>-</b>	<b>24,01,72,352.58</b>	<b>9,19,29,023.90</b>	<b>2,24,89,147.12</b>	<b>12,44,810.57</b>	<b>11,56,62,981.81</b>	<b>12,45,09,370.99</b>	<b>13,96,99,873.15</b>
<b>Capital Work in Progress</b>	<b>-</b>	<b>33,509.85</b>	<b>-</b>	<b>33,509.85</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,509.85</b>	<b>-</b>


  
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Technosoft Engineering Projects Limited  
(formerly known as Technosoft Information Technologies (India) Limited)

Notes To Financial Statements For The Period Ended 31st March 2016

Particulars	As At 31/03/2016 AMOUNT (Rs.)	As At 31/03/2015 AMOUNT (Rs.)
<b>Note "9" : Non Current Investments</b>		
<b>I. Investment in Equity Shares of Subsidiaries - (Unquoted - Trade)</b>		
59,00,000 (P.Y 59,00,000 ) Class "A" Common Fully Paid up & Non Asses Shares in the Capital of Swift Engineering Inc	8,08,87,867.00	8,08,87,867.00
1996.80 (P.Y. 1996.80) Shares of Technosoft Engg. Solutions Inc (USA)	7,89,83,886.00	7,89,83,886.00
(A)	<b>15,98,71,753.00</b>	<b>15,98,71,753.00</b>
<b>II. Investment in Mutual Funds (Quoted) (Non Trade)</b>		
HDFC FMP 1132D February 2016 (1) (Units 5,00,000 @Rs.10 Each, P.Y.Nil)	50,00,000.00	-
HDFC Equity Fund (Units 22,351.513 @Rs.447.397 Each, P.Y.Nil)	1,00,00,000.00	-
(B)	<b>1,50,00,000.00</b>	-
(A+B)	<b>17,48,71,753.00</b>	<b>15,98,71,753.00</b>
Book Value of Unquoted Investment	15,98,71,753.00	15,98,71,753.00
Book Value of Quoted Investment	1,50,00,000.00	-
Market Value of Quoted Investment	1,43,76,997.82	-
<b>Note "10" : Other Non Current Assets</b>		
Deposit with Govt. Department	10,99,819.00	10,99,819.00
Balance with Scheduled Bank In Fixed Deposit Due after 12 months (Fixed Deposits are Pledged against Bank Over Draft )	1,25,00,000.00	-
	<b>1,35,99,819.00</b>	<b>10,99,819.00</b>
<b>Note "11" : Current Investment</b>		
<b>I. Investment in Mutual Funds (Quoted) (Non Trade)</b>		
HDFC Balanced Fund (Units 48,335.331 @Rs.103.444 Each, P.Y.Nil)	50,00,000.00	-
	<b>50,00,000.00</b>	-
Book Value of Quoted Investment	50,00,000.00	-
Market Value of Quoted Investment	51,39,785.76	-
<b>Note "12" : Trade Receivables</b>		
<b>(Unsecured, Considered Good by the Management)</b>		
Outstanding For Over Six Months	18,76,441.48	-
Other Debts	3,71,28,489.85	2,29,90,144.54
	<b>3,90,04,931.33</b>	<b>2,29,90,144.54</b>



Technosoft Engineering Projects Limited  
(formerly known as Technosoft Information Technologies (India) Limited)

Notes To Financial Statements For The Period Ended 31st March 2016

Particulars	As At 31/03/2016 AMOUNT (Rs.)	As At 31/03/2015 AMOUNT (Rs.)
<b><u>Note "13": Cash &amp; Cash Equivalent</u></b>		
<b><u>Balances With Scheduled Banks</u></b>		
In Current Account	6,27,384.09	555.41
Cash On Hand	95,893.19	48,030.19
<b><u>Others</u></b>		
In Fixed Deposit Accounts Between 3 & 12 Months Initial Maturity (Fixed Deposits are Pledged against Bank Over Draft)	10,10,000.00	1,35,10,000.00
	<b>17,33,277.28</b>	<b>1,35,58,585.60</b>
<b><u>Note "14": Short Term Loans &amp; Advances</u></b>		
<b><u>(Unsecured, Considered good by Management)</u></b>		
Staff Advances	2,15,500.84	1,17,000.42
	<b>2,15,500.84</b>	<b>1,17,000.42</b>
<b><u>Note "15": Other Current Assets</u></b>		
Interest Receivables	98,000.00	1,37,013.00
Deposits	9,50,700.00	5,25,500.00
Prepaid Expenses	29,67,675.69	20,69,945.18
Balance With Service Tax/ Excise Department	2,91,046.69	3,70,075.69
Balance With Sales Tax Department	11,52,427.92	16,92,100.49
Other Receivables	13,18,105.55	9,15,329.20
	<b>67,77,955.85</b>	<b>57,09,963.56</b>

Technosoft Engineering Projects Limited  
(formerly known as Technosoft Information Technologies (India) Limited)

Notes To Financial Statements For The Period Ended 31st March 2016

Particulars	As At 31/03/2016 AMOUNT (Rs.)	As At 31/03/2015 AMOUNT (Rs.)
<b>Note "16" : Revenue From Operations</b>		
<b>Sale of Services</b>		
Export (Net)	24,01,65,343.00	23,27,22,113.00
Local	1,78,20,140.00	1,25,47,139.00
(Tds Deducted Rs.17,79,071/- (Previous Year Rs.12,54,718/-)		
	<b>25,79,85,483.00</b>	<b>24,52,69,252.00</b>
<b>Note "17" : Other Income</b>		
Interest Income	12,50,579.71	4,70,847.04
(TDS deducted Rs.1,15,474/- (Previous year Rs.34,318/-)		
Rent Received	1,95,69,262.00	1,88,32,162.00
(TDS Deducted Rs.20,65,453/- (Previous year Rs.20,68,813/-)		
Other Non-Operating Income	5,63,895.56	30,32,207.14
Diff in Foreign Currency(net)	17,46,091.04	-
	<b>2,31,29,828.31</b>	<b>2,23,35,216.18</b>
<b>Note "18" : Engineering, &amp; Design Charges</b>		
Engineering & Design Charges Paid	12,52,499.00	37,33,687.48
	<b>12,52,499.00</b>	<b>37,33,687.48</b>
<b>Note "19" : Employment Benefit Expenses</b>		
Salary & Wages (net)	5,33,37,511.00	4,60,21,866.00
Allowances (net)	11,88,95,214.00	11,34,40,065.54
Gratuity	8,39,777.00	15,80,591.00
Contribution to provident and other funds	10,12,945.00	8,17,900.00
Staff/Workers Welfare	7,55,638.25	5,15,339.50
	<b>17,48,41,085.25</b>	<b>16,23,75,762.04</b>
<b>Note "20" : Finance Cost</b>		
<b>Interest expenses</b>		
Interest To Bank	22,983.00	15,611.00
Interest To Others	14,93,755.00	45,53,428.00
	15,16,738.00	45,69,039.00
<b>Other borrowing costs</b>		
Bank Charges	1,23,365.59	1,30,630.94
	<b>16,40,103.59</b>	<b>46,99,669.94</b>

Technosoft Engineering Projects Limited  
(formerly known as Technosoft Information Technologies (India) Limited)

Notes To Financial Statements For The Period Ended 31st March 2016

Particulars	As At 31/03/2016 AMOUNT (Rs.)	As At 31/03/2015 AMOUNT (Rs.)
<b>Note "21" : Other Expenses</b>		
Advertisement	2,82,849.00	2,79,023.00
Legal & Professional Expenses	86,93,017.00	76,46,994.00
Commission / Brokerage	1,39,335.00	1,10,675.00
Sales Promotion	12,80,584.98	9,49,813.25
Power and Electricity Expenses	38,24,207.95	29,34,977.00
Travelling Expenses	48,89,536.54	89,90,982.07
Vehicle Expenses	7,60,531.00	9,48,994.50
Postage Telegram & Telephone Expenses.	26,02,147.69	25,14,396.81
Printing & Stationery	2,55,981.54	2,82,672.74
Rent Rates & Taxes	23,87,397.20	26,52,001.00
Water Charges	1,85,931.00	1,27,843.00
Insurance (General)	71,661.00	34,135.15
Licence and Membership Fees	4,36,001.00	6,50,020.56
Building Repairs	30,08,624.70	14,60,331.87
Other Repairs & Maintenance	24,78,493.66	11,11,152.46
Computer Expenses	34,86,924.74	23,29,888.11
Training Expenses Paid	9,000.00	2,07,896.40
Miscellaneous Expenses	1,56,798.29	1,41,709.78
<b>Auditors Remuneration</b>		
Audit Fees	1,00,000.00	1,00,000.00
Tax Audit	30,000.00	25,000.00
Taxation matters	5,000.00	5,000.00
Out of Pocket Expenses	4,460.00	4,090.00
Diff in Foreign Currency(net)	-	8,57,308.75
Sundry Balances Written off	8,718.09	1,100.29
	<b>3,50,97,200.38</b>	<b>3,43,66,005.74</b>

**Note "22" : Tax Expenses**

<b>(1) Current Tax</b>		
Current Income Tax	1,63,25,000.00	1,37,08,000.00
	<b>1,63,25,000.00</b>	<b>1,37,08,000.00</b>
<b>(2) Deffered Tax</b>		
	(33,85,706.00)	(23,58,560.00)
	<b>1,29,39,294.00</b>	<b>1,13,49,440.00</b>

**Note "23" : Earning Per Share**

Net Profit Attributable to Equity Shareholders	3,75,53,333.53	2,85,90,755.86
Weighted average number of Equity Shares outstanding during the year	5,53,360	5,53,360
Basic & Diluted Earning Per Share (On Nominal value of Rs. 10/- per Share)	<b>67.86</b>	<b>51.67</b>

**TECHNOFT ENGINEERING PROJECTS LIMITED**  
**(Formerly known as Technosoft Information Technologies India Ltd)**  
**Notes to the financial statements for the year ended on 31<sup>st</sup> March, 2016.**

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**NOTE- 24**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016.**

**I. SIGNIFICANT ACCOUNTING POLICIES**

**1. BASIS OF ACCOUNTING**

These Financial Statements are prepared in accordance with Indian Generally Accepted Accounting Principles under the Historical cost convention on accrual basis of accounting to comply in all material respects with mandatory Accounting Standards as prescribed under Section 133 of the Companies Act ,2013(the Act) read with rule 7 of the Companies (Accounts) Rules ,2014 and relevant provisions of the Companies Act , 2013 as applicable to the Company.

All assets and Liabilities have been classified as Current or Non-Current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.The Company has ascertained its operating cycle as 12 months for the purpose of current or non-current Classification of assets & Liabilities.

**2. RECOGNITION OF INCOME AND EXPENDITURE**

Income and expenditure are recognised on accrual basis except in case of significant uncertainties like Claims Payable & Receivable which have been accounted on Acceptance Basis.

**3. SALES AND SERVICE CHARGES**

Sales are reported net of trade discount, claims, returns, rebates, Service Tax and VAT. Engineering & Design Service charges is recognized on the basis of achievement of prescribed milestones as relevant to each contract or proportionate completion method, as applicable.

**4. FIXED ASSETS**

All the Fixed Assets have been valued at historical cost less accumulated depreciation.

**5. DEPRECIATION**

Depreciation on Tangible fixed assets has been provided on the Written down Value Method based on the Useful Life of the assets as prescribed in Schedule II to the Companies Act, 2013.

Depreciation on Additions to Tangible Fixed Assets or on sale / Disposal of Tangible Fixed Assets is calculated on Prorata basis from the Quarter in which such additions or up to the Quarter of such Sale/Disposal is made as the case may be.

**6. EMPLOYEE BENEFITS**

The Leave encashment and Gratuity Liability is determined by actuarial valuation using the Project Unit Credit Method as specified in AS 15 (Revised) "Employee Benefits" and the Liability is fully charged to the statement of Profit and Loss. Actuarial Gain and Losses arising on such valuation are also recognised immediately in the statement of Profit and Loss.

**7. INVESTMENTS**

Long-term investments are valued at cost. Provision for Diminution is made to recognize a decline, other than Temporary, in the value of Long Term Investments. Current Investments are valued at Cost or Fair/ Market Value whichever is lower.



**TECHNOSOFT ENGINEERING PROJECTS LIMITED**  
**(Formerly known as Technosoft Information Technologies India Ltd)**  
**Notes to the financial statements for the year ended on 31<sup>st</sup> March, 2016.**

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**8. FOREIGN EXCHANGE TRANSACTIONS**

- Transactions denominated in foreign currency are normally accounted for at the exchange rate prevailing at the time of transaction.
- Monetary assets (including Loans advanced to subsidiaries) and Liabilities in foreign currency transactions remaining unsettled at the end of the year (other than forward contract transactions) are translated at the year end rates and the corresponding effect is given to the respective account.
- Exchange differences arising on account of fluctuations in the rate of exchange is recognized in the Statement of Profit & Loss.
- Exchange rate difference arising on account of conversion/translation of liabilities for acquisition of Fixed Assets is recognized in the Statement of Profit & Loss.

**9. TAXATION**

Provision for current tax is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred tax resulting from "timing difference" between book Profit and taxable profit is accounted for using the tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet Date. Deferred tax assets are recognized, only to the extent there is a reasonable certainty of its realisation. At each Balance sheet date, the carrying amounts of deferred tax assets are reviewed to reassure realisation.

**10. INTANGIBLE ASSETS**

Intangible Assets are recognized by the Company only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the same can be measured reliably. Intangible Assets are amortized on a systematic basis over its useful life and the amortization for each period will be recognized as an expense.

**11. IMPAIRMENT**

An asset is treated as impaired when the carrying cost of the asset exceeds its Recoverable Value being higher of value in use and Net Selling Price. Value in Use is computed at Net Present Value of Cash Flow Expected over the balance useful life of the asset. An Impairment loss is recognized as an expense in the Statement of Profit & Loss in the year in which an asset is identified as impaired.

Reversal of Impairment Losses recognized in prior years is recorded when there is an indication that the Impairment Loss recognized for the asset no longer exists or have decreased.

**12. PROVISION**

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

**13. CONTINGENT LIABILITIES**

Contingent Liabilities are not provided for in the accounts. These are disclosed by way of Notes to the Accounts.



**TECHNOSOFT ENGINEERING PROJECTS LIMITED**  
**(Formerly known as Technosoft Information Technologies India Ltd)**  
**Notes to the financial statements for the year ended on 31<sup>st</sup> March, 2016.**

**II. NOTES TO ACCOUNTS**

**1. RETIREMENT BENEFITS**

- In respect of Leave Encashment as per the Revised Accounting Standard (AS) -15 on "Retirement Benefits", the Company has Charged Leave Encashment Expenses of Rs 2,12,903/- in the Statement of Profit & Loss.

**Net asset / (liability) recognized in the Balance Sheet**

SR	Funded Status	(Rs.)	(Rs.)
		31.03.2016	31.03.2015
a)	Present Value of Defined Benefit Obligation	13,30,601	13,32,512
b)	Fair Value of Plan Assets	-	-
c)	Net Asset/(Liability) Recognized in Balance Sheet	(13,30,601)	(13,32,512)

**Total Expenses recognized in the statement of Profit & Loss for year ended on**

SR	Components Of Employer Expenses	(Rs.)	(Rs.)
		31.03.2016	31.03.2015
a)	Current Service Cost	12,74,175	11,41,095
b)	Interest Cost	96,171	64,600
c)	Expected return on plan asset	-	-
d)	Actuarial Losses/(Gains)	(11,57,443)	(4,89,599)
e)	Total Expenses (Income) recognized in Statement of Profit & Loss	2,12,903	7,16,096

**Reconciliation of Defined Benefit Obligation and fair Value of Assets for the year ending on**

A	Change in Defined Benefit Obligation	(Rs.)	(Rs.)
		31.03.2016	31.03.2015
a)	Present Value of DBO at beginning of the year	13,32,512	8,03,357
b)	Current Service Cost	12,74,175	11,41,095
c)	Interest Cost	96,171	64,600
d)	Actual (Gains)/losses	(11,57,443)	(4,89,599)
e)	Benefits Paid	(2,14,814)	(1,86,941)
f)	Present Value of DBO at the end of year	13,30,601	13,32,512
	<b>B Change in Fair Value of Assets</b>		
a)	Plan assets At the Beginning of year	-	-
b)	Adjustment to Opening Fair Value of Plan Assets	-	-
c)	Expected Return on plan assets	-	-
d)	Actual Company contributions	2,14,814	1,86,941
e)	Actual Gains/(losses) on plan assets	-	-
f)	Benefits paid	(2,14,814)	(1,86,941)
g)	Plan assets at the end of year	-	-

**TECHNOFT ENGINEERING PROJECTS LIMITED**  
**(Formerly known as Technosoft Information Technologies India Ltd)**  
**Notes to the financial statements for the year ended on 31<sup>st</sup> March, 2016.**

**Principal Actuarial Assumptions at the Balance Sheet date**

Discount Rate	7.85%	7.85%
Rate of return (expected) on plan Assets	-	-
Rate of increase in Compensation	5.00%	5.00%
Expected Average remaining working lives of employees (years)	26.70	26.24

- In respect of Gratuity as per the Revised Accounting standard (AS)-15 on "Retirement Benefits", the company has charged Gratuity Expenses of Rs 8,39,777/- in the Statement of Profit & Loss.

**Net asset / (liability) recognized in the Balance Sheet as on**

SR	Funded Status	(Rs.)	(Rs.)
		31.03.2016	31.03.2015
a)	Present Value of Defined Benefit Obligation	60,38,091	54,78,196
b)	Fair Value of Plan Assets	-	-
c)	Net Asset/ (Liability) Recognized in Balance Sheet	60,38,091	(54,78,196)

**Total Expenses recognized in the statement of Profit & Loss for year ended on**

SR	Components of Employer Expenses	(Rs.)	(Rs.)
		31.03.2016	31.03.2015
a)	Current Service Cost	12,58,804	12,01,809
b)	Interest Cost	4,19,053	3,60,716
c)	Expected return on plan asset	-	-
d)	Actuarial Losses/(Gains)	(8,38,080)	18,066
e)	Total Expenses (Income) recognized in Statement of Statement of Profit & Loss	8,39,777	15,80,591

**Reconciliation of Defined Benefit Obligation and fair Value of Assets for the year ending on**

A	Change in Defined Benefit Obligation	(Rs.)	(Rs.)
		31.03.2015	31.03.2015
a)	Present Value of DBO at beginning of the year	54,78,196	40,30,222
b)	Current Service Cost	12,58,804	12,01,809
c)	Interest Cost	4,19,053	3,60,716
d)	Actual (Gains)/losses	(8,38,080)	18,066
e)	Benefits Paid	(2,79,882)	(1,32,617)
f)	Present Value of DBO at the end of year	60,38,091	54,78,196
<b>B</b>	<b>Change in Fair Value of Assets</b>		
a)	Plan assets At the Beginning of year	-	-
b)	Adjustment to Opening Fair Value of Plan Assets	-	-
c)	Expected Return on plan assets	-	-
d)	Actual Company contributions	2,79,882	1,32,617

**TECHNOFT ENGINEERING PROJECTS LIMITED**  
**(Formerly known as Technosoft Information Technologies India Ltd)**  
**Notes to the financial statements for the year ended on 31<sup>st</sup> March, 2016.**

e)	Actual Gains/(losses) on plan assets	-	-
f)	Benefits paid	(2,79,882)	(1,32,617)
g)	Plan assets at the end of year	-	-

**Principal Actuarial Assumptions at the Balance Sheet date**

Discount Rate	7.85%	7.85%
Rate of return (expected) on plan Assets		
Rate of increase in compensation	5.00%	5.00%
Expected Average remaining working lives of employees (years)	26.70	26.24

**2. TAXES ON INCOME**

In compliance with the Accounting Standard-22 "Accounting for Taxes on Income" which has become mandatory, the company has Created Deferred Tax Asset (net) amounting to Rs 33,85,706/- and the same has been credited to the Statement of Profit & Loss.

PARTICULARS	For the Year ended 31 <sup>st</sup> March 16 (Rs)	For the Year ended 31 <sup>st</sup> March 15 (Rs)
<b>a) DEFERRED TAX LIABILITY / (ASSETS) ARE THE TAX EFFECT OF THE FOLLOWING ITEMS</b>		
On Account of Difference in Depreciation	(54,91,216)	(17,17,081)/-
On Account of Provision for diminution in Value of Investments	-	-
On Account of Leave Encashment	4,19,194	(1,71,684)
On Account of Gratuity	17,11,356	(4,69,795)
On Account of Long Term Capital Loss	(25,040)	-
On Account of Depreciation on Fixed Assets whose Life has expired as on 1-4-2014 as per Schedule II to Companies Act, 2013.	-	(4,03,879)
<b>NET IMPACT</b>	<b>(33,85,706)</b>	<b>(27,62,439)</b>
<b>b) POSITION OF DEFERRED TAX ASSETS &amp; LIABILITIES AS ON BALANCE SHEET DATE ARE AS UNDER</b>		
<b>Deferred Tax Liabilities</b>		
On Account of Timing Difference in depreciation	-	32,66,489/-
<b>Deferred Tax Liabilities</b>	-	<b>32,66,489/-</b>
<b>Deferred Tax Assets</b>		
On Account of Timing Difference in depreciation	22,24,727/-	
On Account of Gratuity	66,044/-	17,77,401/-
On Account of Leave Encashment	13,140/-	4,32,333/-
On Account of Long Term Capital Loss	13,39,669/-	13,14,629/-
<b>Deferred Tax Assets</b>	<b>36,43,580/-</b>	<b>35,24,363/-</b>



**TECHNOSOFT ENGINEERING PROJECTS LIMITED**  
**(Formerly known as Technosoft Information Technologies India Ltd)**  
**Notes to the financial statements for the year ended on 31<sup>st</sup> March, 2016.**

**3. CONTINGENT LIABILITIES**

Contingent Liabilities and Commitments not provided for	Year ended 31.03.2016 Rs.	Year ended 31.03.2015 Rs.	Status
Central Sales Tax Act,1956 CST for F.Y 2007-08	1,56,961	1,56,961	Appeal Filed before Deputy Comm. of Sales Tax
Income Tax Penalty for A.Y 11-12	94,000	94,000	Appeal Filed before CIT(A)
Income Tax Demand for A.Y 12-13	8,16,190	8,16,190	Appeal Filed before CIT(A)

**4. DISCLOSURE OF RELATED PARTIES AND RELATED PARTY TRANSACTIONS**

In compliance with the AS-18 "Related Party Disclosure", which has become mandatory, the required information is as under:-

**(I) LIST OF RELATED PARTIES**

SR.NO	NAME OF THE RELATED PARTY
<b>I</b>	<b>Key Managerial Personnel (KMP)</b>
1	Sharad Kumar Saraf
2	Sudarshan Kumar Saraf
3	Navneet Kumar Saraf
<b>II</b>	<b>Relatives of KMP</b>
1	Ashish Saraf
2	Shanti Devi Saraf
3	Shakuntala Saraf
4	Suman Saraf
5	Nidhi Saraf
6	Priyanka Saraf
7	Ritu Saraf
<b>III</b>	<b>Holding Company</b>
1	Technocraft Industries (India) Ltd
<b>IV</b>	<b>Direct Subsidiaries</b>
1	Technosoft Engineering Inc.(Formerly Known as Impact Engineering Solutions Inc.)
2	Swift Engineering Inc.
<b>V</b>	<b>Step Down Subsidiary</b>
1	Swift Projects Inc.
<b>VI</b>	<b>FELLOW SUBSIDIARIES</b>
1	Technocraft Trading Sp. Zoo
2	Technocraft Australia PTY Ltd.
3	Technocraft International Limited
4	Anhui Steel Technology Ltd
5	Shreyan Infra & Power LLP
6	Technocraft Tabla Form work Systems Private Limited

**TECHNOFT ENGINEERING PROJECTS LIMITED**  
**(Formerly known as Technosoft Information Technologies India Ltd)**  
**Notes to the financial statements for the year ended on 31<sup>st</sup> March, 2016.**

VII	Enterprises Significantly Influenced by KMP or Relatives of KMP
1	Ashrit Holdings Limited
2	Ashrit Infrastructure Developers LLP
3	Ashrit Reality Private Limited
4	M.D.Saraf Securities Pvt. Ltd
5	BMS Industries Ltd
6	M.T. Information Technologies

**(II) NAMES OF THE RELATED PARTIES WITH WHOM TRANSACTIONS WERE CARRIED OUT DURING THE YEAR AND DESCRIPTION OF RELATIONSHIP**

SR.NO	RELATED PARTIES
<b>I</b>	<b>Holding Company</b>
1	Technocraft Industries(India) Ltd
<b>II</b>	<b>Direct Subsidiaries</b>
1	Technosoft Engineering Inc.(Formerly Known as Impact Engineering Solution Inc.)
2	Swift Engineering Inc.
<b>III</b>	<b>Fellow Subsidiaries</b>
1	Technocraft International Limited
<b>IV</b>	<b>Enterprises Significantly Influenced by KMP or Relatives of KMP</b>
1	BMS Industries Ltd
2	Ashrit Holdings Ltd

**(III) DETAILS OF TRANSACTION WITH RELATED PARTIES**

Sr. No	Nature of Relationship / Transactions	Holding Company	Direct Subsidiaries	Fellow Subsidiaries	Enterprises Significantly Influenced by KMP or Relatives of KMP	Total (Rs)
1	Sale of Goods & Services	1,55,06,473 (1,18,38,739)	11,40,11,645 (7,37,64,288)	8,28,09,310 (10,68,45,471)	22,84,200 (7,08,400)	21,46,11,628 (19,31,56,898)
2	Loan Taken	NIL (13,43,21,905)	NIL (NIL)	NIL (NIL)	16,93,44,379 (3,16,91,800)	16,93,44,379 (16,60,13,705)
3	Loan Repaid	NIL (18,69,30,883)	NIL (NIL)	NIL (NIL)	18,30,00,000 (76,00,000)	18,30,00,000 (19,45,30,883)
4	Interest Paid	NIL (44,51,428)	NIL (NIL)	NIL (NIL)	14,93,755 (1,02,000)	14,93,755 (45,53,428)
5	Reimbursement of Expenses	NIL (4,83,542)	15,95,775 (10,14,386)	6,67,23,009 (7,14,19,130)	NIL (NIL)	6,83,18,784 (7,29,17,058)
6	Recovery of Expenses	NIL (NIL)	24,65,835 (20,57,770)	NIL (NIL)	NIL (NIL)	24,65,835 (20,57,770)

**TECHNOSOFT ENGINEERING PROJECTS LIMITED**  
**(Formerly known as Technosoft Information Technologies India Ltd)**  
**Notes to the financial statements for the year ended on 31<sup>st</sup> March, 2016.**

**IV. AMOUNT DUE TO/FROM RELATED PARTIES**

Sr. No.	Nature Of Relationship/ Transactions	Holding Company	Subsidiaries	Fellow Subsidiaries	Enterprises Significantly Influenced by KMP or Relatives of KMP	Total (Rs)
1	Trade & Other Receivables	NIL (NIL)	2,30,93,853 (57,15,172)	34,76,133 (60,28,075)	NIL (NIL)	2,65,69,986 (1,17,43,247)
2	Loans Payable	NIL (NIL)	NIL (NIL)	NIL (NIL)	1,04,36,179 (2,40,91,800)	1,04,36,179 (2,40,91,800)

Previous year's figures are given in Bracket ( ).

5. Any Additions to Computer Software has been Capitalised as Intangible Assets & the same has been amortised over the period of 3 years.
6. As per AS - 17 in respect of segment reporting, the only segment in which company deals is rendering of Engineering ,Design and other related Information Technology Enabled Services. Hence the disclosure as per AS-17 is not applicable to the Company.
7. Trade Payables includes Rs 3,06,333/- (P.Y Nil) due to Micro & Small Enterprises registered under the Micro, Small and Medium Enterprises Development Act ,2006 (MSMED Act). No principal and interest amount are paid / payable to the Suppliers registered under the MSMED Act beyond the appointed day during the year. The above information has been provided, as available with the Company, to the extent such parties could be Identified on the basis of the information available with the Company regarding the Status of Suppliers under the MSMED Act.
8. Additional information pursuant to provisions of Paragraphs 5 of Part II of Schedule III to the Companies Act ,2013

Sr. No.	Particulars	Year Ended 31 <sup>st</sup> March 16 Amount (Rs)	Year Ended 31 <sup>st</sup> March 15 Amount (Rs)
<b>A) Income in Foreign Currency</b>			
1	Export Sales (Net)	24,01,65,343	23,27,22,113
<b>B) Expenditure in Foreign Currency</b>			
1	Consultancy Charges	-	2,04,725
2	Other Matters	7,79,01,179	8,07,47,733
	<b>Total</b>	<b>7,79,01,179</b>	<b>8,09,52,458</b>

9. In the opinion of Board of Directors, the Current Assets, Loans and Advances are approximately of the value stated as realizable in the ordinary course of business and the provisions of all known liabilities are adequate.
10. The Balances appearing under the head Trade receivables, loans and advances, current liabilities are subject to confirmation and reconciliation, if any.
11. Cash Flow Statement is annexed herewith.

**TECHNOFT ENGINEERING PROJECTS LIMITED**  
(Formerly known as Technosoft Information Technologies India Ltd)  
Notes to the financial statements for the year ended on 31<sup>st</sup> March, 2016.


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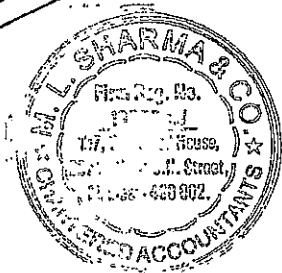
12. The previous year's figures have been regrouped / rearranged wherever necessary to make them comparable with the figures of current financial year.

13. Additional information pursuant to Para 5 of Part II of Schedule III of the Companies Act, 2013 are either NIL or N.A.

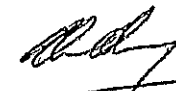
Signature to Notes 1 to 24 attached:

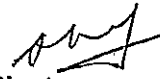
As per our report of even date  
For M.L. SHARMA & Co.  
Firm Reg. No. 109963W  
Chartered Accountants

  
(C.H. BANDI) PARTNER  
M.NO: 5385  
Place: Mumbai  
Date: 27 MAY 2016



For Technosoft Engineering Projects Limited

  
Director  
Navneet Saraf  
DIN 00035606

  
Director  
Sudarshan Saraf  
DIN 00035799



**M. L. SHARMA & CO. (Regd.)**  
**CHARTERED ACCOUNTANTS**

107, Chartered House, 297 - 299, Dr. C. H. Street, Behind Dolours Church, Marine Lines, Mumbai - 400 002.  
☎ : (022) 2201 0808, 2201 1010 • Fax : (022) 2201 1414 • Resi. : (022) 2613 4916 • E-mail : mlsharma@mlsharma.in

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF**  
**TECHNOCRAFT TABLA FORMWORK SYSTEM PRIVATE LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **TECHNOCRAFT TABLA FORMWORK SYSTEM PRIVATE LIMITED**, ("the company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible, for the matters stated 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 principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 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 a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and reasonableness of the accounting estimates made by the 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 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.

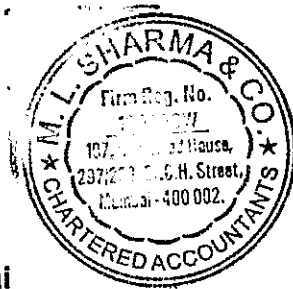
### Report on Other Legal and Regulatory Requirements

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 Companies Act, 2013, we give in the Annexure - A, a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

As required by section 143 (3) of the Act, we report that:

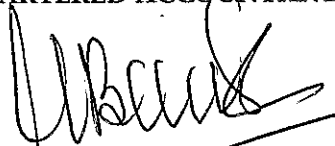
- (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the Written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of section 164 (2) of the Act.

- (f) 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 - B.
- (g) 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:
- a. The company has disclosed the impact of pending litigations on its financial position in its financial statement - Refer Note II 1 of Note no. 18 to the financial statement.
  - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.



Place of Signature: Mumbai  
Date: 27 MAY 2016

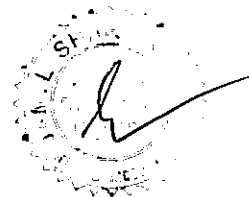
For M. L. SHARMA & CO.  
FIRM REG. NO. 109963W  
CHARTERED ACCOUNTANTS

  
(C. H. BANDI) PARTNER  
Membership No.5385

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS REPORT**

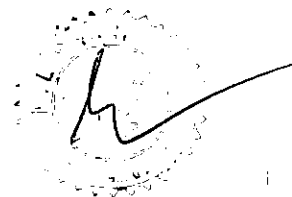
**The Annexure referred to in our Report of even date to the Members of TECHNOCRAFT TABLA FORMWORK SYSTEM PRIVATE LIMITED for the year ended 31st March, 2016. We report that:**

- 1a The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- 1b As explained to us, the fixed assets of the company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- 1c The Company does not own any immovable property accordingly provision of clause 1 (iii) is not applicable to the company.
2. There were no stock of goods during the year with the Company; hence, comments on its physical verification and Material discrepancies is not required and accordingly the provisions of clause 3 (ii) of the order, is not applicable to the Company.
3. The Company has not granted any loans, secured or unsecured to the Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the companies Act, 2013 and Accordingly, provision of clause 3 (iii), (iii) (a), (iii) (b) & (iii) (c) of the order, are not applicable to the Company.
4. In our opinion, and according to the information and explanations given to us, the company has not granted any loans or provided and guarantees or security in respect of any loans to any party covered under section 185 and 186 of the Act, accordingly provision of section 185 and 186 of the companies Act, 2013 are not applicable to the company.
5. The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 and any other relevant provision of the Companies Act, 2013 and the rules framed there under apply.
6. According to the information, explanations given to us and the books & records examined by us, since the company is carrying out only trading activity during the year therefore Maintenance of cost records under section 148 (1) of the Companies Act, 2013 is not applicable to the company.



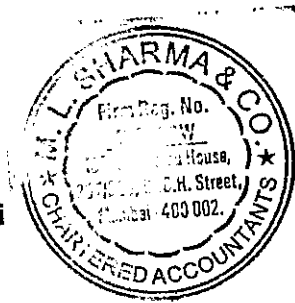


- 7 a According to the information and explanations given to us, the provisions of Provident Fund, Employees' State Insurance Sales Tax, Service tax, duty of customs, duty of excise and value added Tax are not applicable to the company. The company is regular in depositing Income tax and any other statutory dues with the appropriate authorities and there are no undisputed amounts payable for the same were outstanding as at 31st March, 2016 for a period exceeding six months from the date they became payable.
- 7.b According to information and explanations given to us and the books and records examined by us, there are no disputed amounts payables for Income Tax, Wealth Tax, Service Tax and Cess etc.
8. The Company has not availed any loan from financial institution or Banks, government or debenture holders during the current year as well as in the earlier years and accordingly the provision of clause 3 (viii) of the order is not applicable to the Company.
9. In our opinion, and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and Term Loan during the year accordingly the provision of clause 3 (ix) of the order is not applicable to the Company.
10. According to the information and explanations given to us, no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
11. In our opinion, and according to the information and explanations given to us, the Company has not paid any amount to its Directors as a Managerial Remuneration as prescribed by the provision of section 197 read with schedule V of the companies Act, 2013 and accordingly the provision of clause 3 (xi) of the order is not applicable to the Company.
12. In our opinion, the company is not a Nidhi company and accordingly the provision of clause 3 (xii) of the order is not applicable to the Company.
13. In our opinion, and according to the information and explanations given to us, the company has not carried out any transactions with the related parties as defined in section 177 and 188 of the companies Act, 2013. However, the details of related party transactions have been disclosed in the financial statements as required under Accounting Standards (AS) 18, Related Party Disclosures specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

A handwritten signature in black ink is written over a circular stamp. The stamp has a decorative border and contains some illegible text or a logo in the center.

14. In our opinion, and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the and accordingly the provisions of clause 3 (xiv) of the order is not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not entered into any Non-Cash transaction with directors or persons connected with the directors, accordingly the provisions of clause 3 (xv) of the order is not applicable to the Company.
16. In our opinion and according to the information and explanations given to us, the company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934, accordingly the provisions of clause 3 (xvi) of the order is not applicable to the Company.

Place of Signature: Mumbai  
Date: 27 MAY 2016



For M. L. SHARMA & CO.  
FIRM REG. NO. 109963W  
CHARTERED ACCOUNTANTS

  
(C. H. BANDI) PARTNER  
Membership No.5385

## ANNEXURE - "B" TO THE INDEPENDENT AUDITORS REPORT

The Annexure referred to in our Report of even date to the Members of TECHNOCRAFT TABLA FORMWORK SYSTEM PRIVATE LIMITED for the year ended 31st March, 2016. We report that:

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 internal financial controls over financial reporting of **TECHNCRAFT TABLA FORMWORK SYSTEM PRIVATE LIMITED**, ("the Company") as of March 31, 2016 in conjunction with our audit of the 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 (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.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

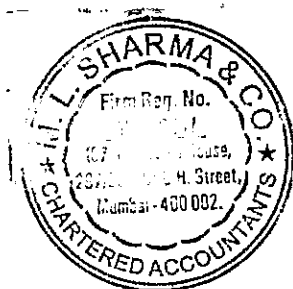
### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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 March 31, 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.

Place of Signature: Mumbai  
Date: 27 MAY 2016



For M. L. SHARMA & CO.  
FIRM REG. NO. 109963W  
CHARTERED ACCOUNTANTS

  
(C. H. BANDI) PARTNER  
Membership No.5385

**Technocraft Tabla Formwork Systems Pvt. Ltd.**

Balance sheet as on 31st March, 2016

Particulars	Note No	As at	
		31/03/2016 Amount(₹)	31/03/2015 Amount(₹)
<b>I Equity And Liabilities</b>			
<b>1 Shareholders Funds</b>			
Share Capital	1	1,00,00,000 ✓	1,00,00,000
Reserves & Surplus	2	(77,92,848) ✓	(37,19,567)
		<u>22,07,152</u>	<u>62,80,433</u>
<b>2 Current Liabilities</b>			
Other Current Liabilities	3	5,750 ✓	33,86,112
Short Term Provisions	4	-	2,48,938
		<u>5,750 ✓</u>	<u>36,35,050</u>
		<u>22,12,902</u>	<u>99,15,484</u>
<b>II Assets</b>			
<b>1 Non Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	5	11,039 ✓	14,404
		<u>11,039 ✓</u>	<u>14,404</u>
Deferred Tax Assets		-	15,45,477
Other Non Current Assets	6	11,92,822	11,92,822
		<u>11,92,822 ✓</u>	<u>27,38,299</u>
<b>2 Current Assets</b>			
Trade Receivables	7	-	8,52,410
Cash And Cash Equivalent	8	25,230 ✓	37,39,329
Other Current Assets	9	9,83,811 ✓	25,71,042
		<u>10,09,041</u>	<u>71,62,780</u>
		<u>22,12,902</u>	<u>99,15,484</u>
Significant Accounting Policies and Notes forming part of Accounts	18		

As per our Report of Even Date  
For M. L. Sharma & Co.  
Firm Reg. No. 109963W  
Chartered Accountants

*(Signature)*

(C. H. Bandi) Partner  
M.No:5385  
Place: Mumbai  
Date: 27 MAY 2016

For and on the behalf of the Board of Directors

*(Signature)*

Director  
Sharad Saraf  
DIN 00035848

*(Signature)*

Director  
Navneet Saraf  
DIN 00035606



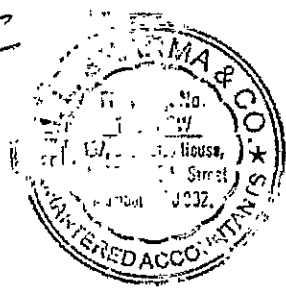
**Technocraft Table Formwork Systems Pvt. Ltd.**

**Statement of Profit And Loss For The Period Ended 31st March 2016**

Particulars	Note No	For the Period ended 31/03/2016 Amount(₹)	For the Period ended 31/03/2015 Amount(₹)
<b>I Revenue</b>			
Revenue From Operations	10	-	3,88,28,831
Other Income	11	3,02,327	52,047
<b>Total Revenue</b>		<b>3,02,327</b>	<b>3,88,80,878</b>
<b>II Expenses</b>			
Changes in Inventories of Stock	12	-	3,23,52,308
Employee Benefit Expenses	13	-	28,45,965
Finance Cost	14	340	24,12,011
Depreciation		3,365	4,794
Amortisation of Distribution Rights		-	7,03,917
Other Expenses	15	28,26,426	7,53,507
<b>Total Expenses</b>		<b>28,30,131</b>	<b>3,90,72,502</b>
<b>III Profit/(Loss) Before Taxation</b>		<b>(25,27,804)</b>	<b>(1,91,625)</b>
<b>IV Tax Expenses</b>			
Deferred tax	16	15,45,477	(38,584)
<b>V Profit/(Loss) After Taxation</b>		<b>(40,73,281)</b>	<b>(1,53,041)</b>
Earning Per Share (Basic & Diluted) (On Face Value of Rs.10/-)	17	(4.07)	(0.15)
Significant Accounting Policies and Notes forming part of Accounts	18		

As per our Report of Even Date  
For M. L. Sharma & Co.  
Firm Reg. No. 109963W  
Chartered Accountants

*(Signature)*  
(C. H. Bandi) Partner  
M.No: 5385  
Place: Mumbai  
Date: 27 MAY 2016



For and on the behalf of the Board of Directors

*(Signature)*  
DIRECTOR  
Sharad Sanyal  
DIN 00035843

*(Signature)*  
DIRECTOR  
Navneet Sanyal  
DIN 00035686

**Technocraft Tabla Formwork Systems Pvt. Ltd.**

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

Particulars		Year ended March 31, 2016 Amount (₹)	Year ended March 31, 2015 Amount (₹)
<b>A.</b>	<b>Cash flow from operating activities:</b>		
	Net (loss)/profit Before tax	(25,27,804)	(1,91,625)
	<b>Adjustments for:</b>		
	Interest expenses	-	24,11,581
	Amortisation of Distribution Rights	-	7,03,917
	Depreciation	3,365	4,794
	Operating profit before working capital changes	(25,24,439)	29,28,668
	<b>Adjustments for changes in working capital :</b>		
	- (INCREASE)/DECREASE in Debtors	8,52,410	73,78,244
	- (INCREASE)/DECREASE in Inventories	-	3,23,52,308
	- (INCREASE)/DECREASE in Loans and Advances	10,93,181	9,32,787
	- INCREASE/(DECREASE) in Trade and Other Payables	(33,80,362)	(64,438)
	- INCREASE/(DECREASE) in Provision	(2,48,938)	52,198
	<b>Cash generated from operations</b>	<b>(42,08,149)</b>	<b>4,35,79,766</b>
	- Taxes (Paid) / Received	4,94,050	(2,97,284)
	<b>Net cash Used in operating activities (A)</b>	<b>(37,14,099)</b>	<b>4,32,82,482</b>
<b>B.</b>	<b>Cash flow from investing activities:</b>		
	<b>Net cash used in investing activities (B)</b>	<b>-</b>	<b>-</b>
<b>C.</b>	<b>Cash flow from financing activities:</b>		
	Loan Taken (net)	-	(3,71,49,404)
	Interest Paid	-	(24,11,581)
	<b>Net cash from financing activities (C)</b>	<b>-</b>	<b>(3,95,60,985)</b>
	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A)+(B)+(C)</b>	<b>(37,14,099)</b>	<b>37,21,497</b>
	Cash and cash equivalents at the beginning of the year	37,39,329	17,832
	<b>Cash and cash equivalents at the end of the year</b>	<b>25,230</b>	<b>37,39,329</b>
	<b>Cash and cash equivalents comprise</b>		
	Cash on hand	-	25,763
	Balance with Scheduled Banks (In Current Account)	25,230	37,13,566
	<b>Balance as per Balance Sheet</b>	<b>25,230</b>	<b>37,39,329</b>

**Notes**

- 1 The above Cash flow statement has been prepared under the Indirect method set out in AS-3 Issued by The Institute of Chartered Accountants of India.
- 2 Figures in brackets indicate cash outgo.
- 3 Previous Year Figure have been regrouped and recast wherever necessary to confirm to the current period classification

As per our Report of Even Date  
For M. L. Sharma & Co.  
Firm Reg. No. 109963W  
Chartered Accountants

(C. H. Bandi) Partner  
M.No:5385

Place: Mumbai  
Dated **27 MAY 2016**



For and on the behalf of the Board of  
Directors

Director: *(Signature)*  
Director: *(Signature)*  
Director: *(Signature)*  
Director: *(Signature)*  
DIN 00035848 DIN 00035286

**Technocraft Tabla Formwork Systems Pvt. Ltd.**

Notes To The Financial Statements For The Period Ended 31st March 2016

Particulars	As At	As At
	31/03/2016 Amount (₹)	31/03/2015 Amount (₹)
<b>Note "1" :- Share Capital</b>		
<b>Authorised</b>		
10,00,000 (P.Y. 10,00,000) Equity Shares Of Rs.10/- Each	1,00,00,000	1,00,00,000
	<b>1,00,00,000</b>	<b>1,00,00,000</b>
<b>Issued, Subscribed &amp; Paid Up</b>		
10,00,000(P.Y. 10,00,000) Equity Shares Of Rs.10/- each fully paid up	1,00,00,000	1,00,00,000
	<b>1,00,00,000</b>	<b>1,00,00,000</b>

i) The company has only one class of Equity Shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share.

ii) The Reconciliation of the number of share outstanding at the year end is set out below

Particulars	As at 31 March 2016		As at 31 March 2015	
	Number	Amount(₹)	Number	Amount(₹)
Shares outstanding at the beginning of the year	10,00,000	1,00,00,000	10,00,000	1,00,00,000
Shares Issued during the year	-		-	
Shares bought back during the year	-		-	
Shares outstanding at the end of the year	10,00,000	1,00,00,000	10,00,000	1,00,00,000

iii) The details of Shareholder holding More than 5% shares is set out below

Name of the Shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of Shares Held	% of holding	No. of Shares Held	% of holding
Technocraft Industries India Ltd	6,49,995	65%	6,49,995	65%
Gilcheck Management Inc	3,50,005	35%	3,50,005	35%

iv) Other disclosure pursuant to Note no. 6 of Part I of Schedule III to the Companies Act, 2013 is either Nil or not applicable to the Company.



**Technocraft Tabla Formwork Systems Pvt. Ltd.**

**Notes To The Financial Statements For The Period Ended 31st March 2016**

Particulars	As At	As At
	31/03/2016 Amount (₹)	31/03/2015 Amount (₹)
<b>Note "2" :- Reserves &amp; Surplus</b>		
<b>Statement of Profit &amp; Loss</b>		
As per last balance sheet	(37,19,567)	(35,59,226)
Add: Current Year Profit/ (Loss)	(40,73,281)	(1,53,041)
Less Transfer from Fixed Assets (Net of Deferred Tax)	-	7,300
Balance at the End	<b>(77,92,848)</b>	<b>(37,19,567)</b>
<b>Note "3" :- Other Current Liabilities</b>		
Other Liabilities for Expenses	5,750	4,00,807
Advances from Customers	-	2,256
TDS Payable	-	2,58,743
Statutory Dues to the Government Department	-	27,24,306
	<b>5,750</b>	<b>33,86,112</b>
<b>Note "4" :- Short Term Provisions</b>		
<b>Provision For Employee Benefits</b>		
Provision for Leave Salary	-	50,338
Provision for Gratuity	-	1,98,600
	-	<b>2,48,938</b>



Technocraft Tabla Formwork Systems Pvt. Ltd.

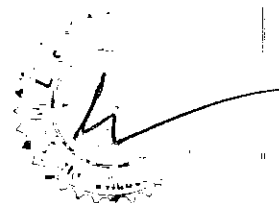
Note 5 : Fixed Assets

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	AS ON 01/04/2015	ADDITIONS DURING THE YEAR	SALES/ TRANSFER	AS ON 31/03/2016	UP TO 01/04/2015	FOR THE PERIOD	TRANSFER TO RESERVE ACCOUNT	ADJUSTMENTS	UP TO 31/03/2016	AS ON 31/03/2016	AS ON 31/03/2015
TANGIBLE ASSETS											
COMPUTER	62,315	-	-	62,315	59,199	-	-	-	59,199	3,116	3,116
FURNITURE & FIXTURE	27,009	-	-	27,009	15,720	3,365	-	-	19,085	7,924	11,289
Total	89,324	-	-	89,324	74,920	3,365	-	-	78,285	11,039	14,404
PREVIOUS YEAR(Rs.)	36,08,910	-	35,19,586	89,324	28,75,230	7,08,711	10,564	35,19,586	74,920	14,404	7,33,680

**Technocraft Tabla Formwork Systems Pvt. Ltd.**

Notes To The Financial Statements For The Period Ended 31st March 2016

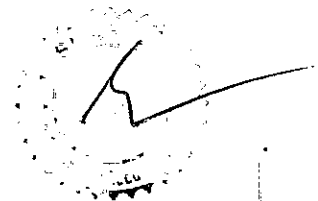
Particulars	As At	As At
	31/03/2016	31/03/2015
	Amount (₹)	Amount (₹)
<b>Note "6" :- Other Non Current Assets</b>		
Mat Credit Receivable	11,92,822	11,92,822
	<u>11,92,822</u>	<u>11,92,822</u>
<b>Note "7" :- Trade Receivables</b>		
<b>(Un-Secured , Considered Good By The Management )</b>		
Outstanding for Over Six Months	-	6,89,091
Other debts	-	1,63,319
	<u>-</u>	<u>8,52,410</u>
<b>Note "8" :- Cash &amp; Cash Equivalent</b>		
Cash on Hand	-	25,763
Balance With Scheduled Bank		
In Current Account	25,230	37,13,566
	<u>25,230</u>	<u>37,39,329</u>
<b>Note "9" :- Other Current Assets</b>		
Advance Tax	21,65,632	26,59,682
Less: Provision for Taxation	11,92,821	11,92,821
	<u>9,72,811</u>	<u>14,66,861</u>
Other Deposits	11,000	10,500
Balance With Sales Tax Department	-	10,93,681
	<u>9,83,811</u>	<u>25,71,042</u>



**Technocraft Tabla Formwork Systems Pvt. Ltd.**

Notes To The Financial Statements For The Period Ended 31st March 2016

Particulars	As At	As At
	31/03/2016	31/03/2015
	Amount (₹)	Amount (₹)
<b>Note "10" :- Revenue From Operation</b>		
Sale of Products (Net)	-	3,00,39,474
Sale of Services (Gross)	-	87,89,357
(Tds deducted Rs.Nil /- Previous Year Rs.209,687/-)	-	
	-	<b>3,88,28,831</b>
<b>Note "11" :- Other Income</b>		
Interest Received on Income Tax Refund	90,003	-
Miscellaneous Income	28,128	52,047
Sales Tax Refund	1,84,196	-
	<b>3,02,327</b>	<b>52,047</b>
<b>Note "12" :-Changes In the Inventories of The Stock</b>		
Closing Stock	-	-
Less: Opening Stock	-	3,23,52,308
	-	<b>3,23,52,308</b>
<b>Note "13" :- Employee Benefit Expenses</b>		
Salary,Wages, Bonus Etc.	-	28,17,460
Contribution To The Fund	-	360
Staff / Worker Welfare	-	28,145
	-	<b>28,45,965</b>
<b>Note "14" :- Finance Cost</b>		
Interest		
Interest On Loan From Joint Venturer	-	24,11,581
<b>Other borrowing costs</b>		
Bank Charges	340	430
	<b>340</b>	<b>24,12,011</b>



**Technocraft Tabla Formwork Systems Pvt. Ltd.**

Notes To The Financial Statements For The Period Ended 31st March 2016

Particulars	As At	As At
	31/03/2016	31/03/2015
	Amount (₹)	Amount (₹)
<b>Note "15" :- Other Expenses</b>		
Advertisement	-	8,000
Quality Claim	19,40,000	-
Legal & Professional Expenses	20,120	19,606
Labour Charges	-	31,461
Rent,Rates & Taxes	4,378	7,528
Travelling & Conveyance Expenses	-	34,007
Postage,Telegram & Telephone Exp.	-	32,530
Sales Tax Paid	1,143	28,556
Repair & Maintenance	-	1,250
<b>Payment to Auditors</b>		
Audit Fees	5,750	39,326
Tax Audit Fees	-	16,854
Out of Pocket Expenses	3,028	2,730
Sundry Balances Written Off	8,52,007	5,31,659
	<b>28,26,426</b>	<b>7,53,507</b>
<b>Note "16" :- Tax Expenses</b>		
Current Tax	-	-
Less MAT Credit Entitlement	-	-
	-	-
Deferred Tax	15,45,477	(38,584)
	<b>15,45,477</b>	<b>(38,584)</b>
<b>Note "17" :- Earning Per Share</b>		
Net Profit attributable to Equity Shareholders	(40,73,281)	(1,53,041)
Weighted Average Number Of Equity Shares		
Outstanding during the Year	10,00,000	10,00,000
Basic & Diluted Earning Per Share	(4.07)	(0.15)
( On Nominal Value Of Rs. 10/- Per Share)		



**TECHNOCRAFT TABLAFORMWORK SYSTEMS PVT. LTD.**  
**Notes to the financial statements for the year ended on 31<sup>st</sup> March, 2016.**

**NOTE - 18**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016**

**I. SIGNIFICANT ACCOUNTING POLICIES**

**1. BASIS OF ACCOUNTING**

These Financial Statements are prepared in accordance with Indian Generally Accepted Accounting Principles under the historical cost convention on an accrual basis of accounting to comply in all material respects with mandatory Accounting Standards as prescribed under section 133 of the Companies Act, 2013(the Act) read with rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the companies Act, 2013 as applicable to the Company.

All assets and Liabilities have been Classified as Current or Non-Current as per the Company's normal operating cycle and other criteria as set out in the Schedule III to the Companies Act, 2013. Based on the nature of Products and the time between the acquisition of assets for Processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the Purpose of Current or Non-Current Classification of assets & Liabilities.

**2. RECOGNITION OF INCOME AND EXPENDITURE**

Income and expenditure are recognised on accrual basis except in case of significant uncertainties like claims payable and receivable which have been accounted on Acceptance basis.

**3. FIXED ASSETS**

Fixed Assets are stated at cost of acquisition or construction inclusive of incidental expenses related there to less accumulated depreciation.

**4. DEPRECIATION**

Depreciation on Tangible Fixed Assets has been provided on the Written down Value Method based on the Useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

Depreciation on Additions to Tangible Fixed Assets or on Sale / Disposal of Tangible Fixed Assets is calculated on Pro rata basis from the Quarter in which such additions or up to the Quarter of such sale / Disposal is made as the case may be.

**5. INVESTMENTS**

Long Term investments are stated at cost. Provision for diminution is made to recognize a decline, other than temporary, in the value of Long Term Investments. Current Investments are carried at lower of cost or Fair Value whichever is lower..

**6. INVENTORIES**

Inventories are valued at cost or net realizable value, whichever is lower.

**7. FOREIGN EXCHANGE TRANSACTION**

- Transactions denominated in foreign currency are normally accounted for at the exchange rate prevailing at the time of transaction.
- Monetary assets and Liabilities in foreign currency transactions remaining unsettled at the end of the year (other than forward contract transactions) are translated at the year end rates and the corresponding effect is given to the respective account.
- Exchange differences' arising on account of fluctuations in the rate of exchange is recognized in the Statement of Profit & Loss.
- Exchange rate difference arising on account of conversion/translation of liabilities for acquisition of Fixed Assets is recognized in the statement of Profit & Loss.

**TECHNOCRAFT TABLAFORMWORK SYSTEMS PVT. LTD.**  
**Notes to the financial statements for the year ended on 31<sup>st</sup> March, 2016.**

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**8. TAXATION**

Provision for current tax is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet Date. Deferred tax assets are recognized, only to the extent there is a reasonable certainty of its realisation. At each Balance sheet date, the carrying amounts of deferred tax assets are reviewed to reassure realization.

**9. EMPLOYEE BENEFITS**

The Leave Encashment & Gratuity Liability is determined by Actuarial Valuation, Using the Project Unit Cost Method as specified in AS 15 (Revised) "EMPLOYEE BENEFITS" and the Liability is fully charged to Statement of Profit & Loss. Actuarial Gain and Loss arising on such Valuation are also recognized immediately in the Statement of Profit & Loss.

As the Company has no employees at the year end, the Employee Benefits are not applicable to the Company.

**10. INTANGIBLE ASSETS**

Intangible Assets are recognized by the Company only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the same can be measured reliably.

Intangible Assets are amortized on a systematic basis over its useful life and the amortization for each period will be recognized as an expense.

**11. PROVISION**

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

**12. IMPAIRMENT**

Impairment Loss is recognized wherever the carrying amount of an asset is in excess of its recoverable amount and the same is recognized as an expense in the Statement of Profit and Loss and the carrying amount of the asset is reduced to its recoverable amount.

Reversal of Impairment Losses recognized in prior years is reduced when there is an indication that the impairment losses recognized for the asset no longer exist or have been decreased.

**13. CONTINGENT LIABILITIES**

Contingent Liabilities are not provided for in the accounts. These are disclosed by way of Notes to the Accounts.



**TECHNOCRAFT TABLAFORMWORK SYSTEMS PVT. LTD.**  
**Notes to the financial statements for the year ended on 31<sup>st</sup> March, 2016.**

**II. NOTES TO ACCOUNTS**

**1. CONTINGENT LIABILITIES**

No	Contingent Liabilities and Commitments not provided for	For the Year Ended 31-3-2016 Amount(₹)	For the Year Ended 31-3-2015 Amount(₹)
1	Manufacturing Royalty Payable to Gillespie Practical Technologies Inc in respect of Purchase of Tabla Products from Technocraft Industries India Limited.	16,23,840	16,23,840
2	Income Tax Demand for A.Y 2011-12	## 4,13,130	# 4,13,130

# Rs 2,07,000/- has been paid / Adjusted from the Refund due.

## Rs 4,13,130/- has been paid / Adjusted from the Refund due

**2. RETIREMENT BENEFITS**

➤ As the Company has no employees, the actuarial Valuation of Gratuity & Leave Salary is not applicable to the Company for the year ended 31-3-2016.

➤ Leave Salary

**Net asset / (liability) recognized in the Balance Sheet as on 31-3-2016**

SR	Funded Status	Amount (₹) 31.03.2016	Amount (₹) 31.03.2015
a)	Present Value of Defined Benefit Obligation	-	50,338
b)	Fair Value of Plan Assets	-	-
c)	Net Asset/(Liability) Recognized in Balance Sheet	-	(50,338)*

\* All the employees along with their Leave Salary Liability has been Transferred to the Co Venturer w.e.f 1-4-2015

**Total Expenses recognized in the statement of Profit & Loss for year ended 31<sup>st</sup> March 2016**

SR	Components Of Employer Expenses	Amount (₹) 31.03.2016	Amount (₹) 31.03.2015
a)	Current Service Cost	-	20,970
b)	Interest Cost	-	8,036
c)	Expected return on plan asset	-	-
d)	Actuarial Losses/(Gains)	-	(66,972)
e)	Total Expenses (Income) recognized in Statement of Statement of Profit & Loss	-	(37,966)

**Reconciliation of Defined Benefit Obligation and fair Value of Assets for the year ended on 31<sup>st</sup> March 2016**

A	Change in Defined Benefit Obligation	Amount (₹) 31.03.2016	Amount (₹) 31.03.2015
a)	Present Value of DBO at beginning of the year	-	88,304
b)	Current Service Cost	-	20,970



**TECHNOCRAFT TABLAFORMWORK SYSTEMS PVT. LTD.**  
Notes to the financial statements for the year ended on 31<sup>st</sup> March, 2016.

c)	Interest Cost	-	8,036
d)	Actual (Gains)/losses	-	(66,972)
e)	Benefits Paid	-	-
f)	Present Value of DBO at the end of year	-	50,338
<b>B</b>	<b>Change in Fair Value of Assets</b>		
a)	Plan assets At the Beginning of year	-	-
b)	Adjustment to Opening Fair Value of Plan Assets	-	-
c)	Expected Return on plan assets	-	-
d)	Actual Company contributions	-	-
e)	Actual Gains/(losses) on plan assets	-	-
f)	Benefits paid	-	-
g)	Plan assets at the end of year	-	-

**Principal Actuarial Assumptions at the Balance Sheet date**

	31.03.2016	31.03.2015
Discount Rate	-	7.85%
Rate of return on plan Assets	-	-
Rate of increase salaries	-	5.00%
Expected Average remaining working lives of employees (years)	-	21

➤ **Gratuity**

**Net asset / (liability) recognized in the Balance Sheet as on**

SR	Funded Status	Amount (₹)	
		31.03.2016	31.03.2015
a)	Present Value of Defined Benefit Obligation	-	1,98,600
b)	Fair Value of Plan Assets	-	-
c)	Net Asset/(Liability) Recognized in Balance Sheet	-	(1,98,600) *

\* All the employees along with their Gratuity Liability has been transferred to the Co- Venturer w.e.f 1- 4-2015

**Total Expenses recognized in the statement of Profit & Loss for year ended on**

SR	Components Of Employer Expenses	Amount (₹)	
		31.03.2016	31.03.2015
a)	Current Service Cost	-	53,704
b)	Interest Cost	-	9,868
c)	Expected return on plan asset	-	-
d)	Actuarial Losses/(Gains)	-	26,592
e)	Total Expenses (Income) recognized in Statement of Statement of Profit & Loss	-	90,164

**TECHNOCRAFT TABLAFORMWORK SYSTEMS PVT. LTD.**  
**Notes to the financial statements for the year ended on 31<sup>st</sup> March, 2016.**

**Reconciliation of Defined Benefit Obligation and fair Value of Assets for the year ending on**

A	Change in Defined Benefit Obligation	Amount (₹)	
		31.03.2016	31.03.2015
a)	Present Value of DBO at beginning of the year	-	1,08,436
b)	Current Service Cost	-	53,704
c)	Interest Cost	-	9,868
d)	Actual (Gains)/losses	-	26,592
e)	Benefits Paid	-	-
f)	Present Value of DBO at the end of year	-	1,98,600
<b>B Change in Fair Value of Assets</b>			
a)	Plan assets At the Beginning of year	-	-
b)	Adjustment to Opening Fair Value of Plan Assets	-	-
c)	Expected Return on plan assets	-	-
d)	Actual Company contributions		
e)	Actual Gains/(losses) on plan assets	-	-
f)	Benefits paid		
g)	Plan assets at the end of year	-	-

**Principal Actuarial Assumptions at the Balance Sheet date**

	31.03.2016	31.03.2015
Discount Rate	-	7.85%
Rate of return on plan Assets	-	-
Rate of increase salaries	-	5%
Expected Average remaining working lives of employees (years)	-	21

**TECHNOCRAFT TABLAFORMWORK SYSTEMS PVT. LTD.**  
Notes to the financial statements for the year ended on 31<sup>st</sup> March, 2016.

**3. DEFERRED TAX**

In compliance with the Accounting Standard-22 "Accounting for Taxes on Income" which has become mandatory, the company has reversed Deferred Tax Asset (Net) amounting to ₹ 15,45,477/- & the same has been debited to the Profit & Loss Account.

<b>I. DEFERRED TAX ASSETS AND LIABILITIES ARE THE TAX EFFECT OF THE FOLLOWING ITEMS</b>		
<b>PARTICULARS</b>	<b>For the Year ended 31<sup>st</sup> March 16 Amount (₹)</b>	<b>For the Year ended 31<sup>st</sup> March 15 Amount (₹)</b>
<b><u>Deferred Tax Assets</u></b>		
On Account of Unabsorbed Business Loss	** (12,85,878)	** (30,881)
On Account of Difference in Depreciation	** (2,59,599)	1,31,618
On Account of Preliminary Expenditure	NIL	** (62,153)
On Account of Depreciation on Fixed Assets whose Life has expired as on 1-4-2014 as per Schedule II to Companies Act 2013.	NIL	3,264
<b><u>Net Impact</u></b>	<b>** (15,45,477)</b>	<b>41,848</b>
* Reversal of DTL created in Earlier Years **Reversal of DTA created in Earlier Years		
<b>II. POSITION OF DEFERRED TAX ASSETS AS ON BALANCE SHEET DATE ARE AS UNDER</b>		
<b><u>Deferred Tax Assets</u></b>		
On Account of difference in Depreciation	NIL	2,59,599
On Account of Unabsorbed Business Losses	NIL	12,85,878
On Account of Preliminary Expenditure	NIL	NIL
<b>Deferred Tax Asset</b>	<b>NIL</b>	<b>15,45,477</b>

**TECHNOCRAFT TABLAFORMWORK SYSTEMS PVT. LTD.**  
**Notes to the financial statements for the year ended on 31<sup>st</sup> March, 2016.**

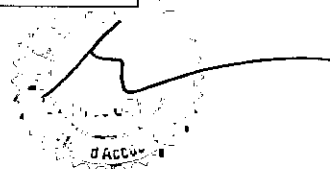
**4. DISCLOSURE OF RELATED PARTIES AND RELATED PARTY TRANSACTIONS**

In compliance with the AS-18 "Related Party Disclosure", which has become mandatory, the Required information is as under:-

**(I) LIST OF RELATED PARTIES**

SR.NO	NAME OF THE RELATED PARTY
<b>I</b>	<b>KMP &amp; RELATIVES OF KMP</b>
1	Sharad Kumar Saraf
2	Sudarshan Kumar Saraf
3	Navneet Kumar Saraf
4	Ashish Kumar Saraf
5	Shanti Devi Saraf
6	Shakuntala Saraf
7	Suman Saraf
8	Nidhi Saraf
9	Priyanka Saraf
<b>II</b>	<b>Co-Venturer</b>
1	Technocraft Industries (India) Ltd
2	Gilcheck Management Inc.

<b>III</b>	<b>Enterprises Significantly Influenced By KMP or Relatives of KMP</b>
1	BMS Industries Limited
2	Ashrit Holdings Limited
3	M.D.Saraf Securities Pvt. Ltd.
4	M.T.Information Technologies
5	Ashrit Infrastructure Developers LLP
6	Ashrit Reality Private Limited
<b>IV</b>	<b>FELLOW SUBSIDIARIES</b>
1	Technosoft Engineering Projects Ltd (Formely Known as Technosoft Information Technologies (I) Ltd.
2	Technocraft Trading Spolka Z.O.O
3	Technocraft Australia Pty Ltd.
4	Technocraft International Ltd
5	Anhui Reliable Steel Technology Co. Ltd
6	Shreyan Infra & Power LLP
7	Technosoft Engineering Inc. (Formely Known as Impact Engineering Solutions Inc.
8	Swift Engineering Inc.
9	Swift Projects Inc.
10	High Mark International Trading -F.Z.E
11	AAIT/Technocraft Scaffold Distribution LLC



**TECHNOCRAFT TABLAFORMWORK SYSTEMS PVT. LTD.**  
Notes to the financial statements for the year ended on 31<sup>st</sup> March, 2016.

**(II) NAMES OF THE RELATED PARTIES WITH WHOM TRANSACTIONS WERE CARRIED OUT DURING THE YEAR AND DESCRIPTION OF RELATIONSHIP**

SR.NO	RELATED PARTIES
I	Co-Venturer
1	Technocraft Industries(India) Ltd

**(III) DISCLOSURE OF RELATED PARTY TRANSACTIONS**

Sr. No	Nature of Relationship / Transactions	Co- Venturer	Enterprises Significantly Influenced By KMP or Relatives of KMP	Fellow Subsidiaries	Total Amount (₹)
1	Purchase of Goods & Services	NIL (31,461)	NIL (NIL)	NIL (NIL)	NIL (31,461)
2	Sale of Goods & Services	NIL (2,23,97,831)	NIL (NIL)	NIL (NIL)	NIL (2,23,97,831)
3	Loan Taken	NIL (34,10,908)	NIL (NIL)	NIL (NIL)	NIL (34,10,908)
4	Loan Repaid	NIL (4,05,60,312)	NIL (NIL)	NIL (NIL)	NIL (4,05,60,312)
5	Interest Paid	NIL (24,11,581)	NIL (NIL)	NIL (NIL)	NIL (24,11,581)
6	Quality Claim	19,40,000 (NIL)	NIL (NIL)	NIL (NIL)	19,40,000 (NIL)

**IV. AMOUNT DUE TO / FROM RELATED PARTIES AS ON MARCH 31, 2016**

NIL (P.Y Nil)

( ) Indicates Previous Year Figures.

5. The Company has not received any memorandum (as required to be filed by the supplier with the notified authority under the Micro, Small & Medium Enterprises Development Act-2006) Claiming their Status as Micro ,Small & Medium Enterprises .Accordingly the amount paid/ payable together with the Interest ,if any, have not been given

**TECHNOCRAFT TABLAFORMWORK SYSTEMS PVT. LTD.**  
Notes to the financial statements for the year ended on 31<sup>st</sup> March, 2016.

6. Additional information required to be furnished Pursuant to Para 5 of Part II of Schedule III to the Companies Act, 2013

**A. Details of Goods Traded (As Certified by the Management)**

Brief Description of Goods Traded	Particulars	Pcs	Amount (₹)
TABLA Products	Opening Stock	NIL (53,879)	NIL (3,23,52,308)
	Purchases	NIL (NIL)	NIL (NIL)
	Sales	NIL (53,879)	NIL (3,00,39,474)
	Closing Stock	NIL (NIL)	NIL (NIL)

( ) Indicates Previous Year Figures.

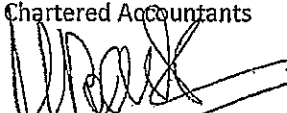
7. Cash Flow Statement is annexed herewith.

8. The previous year's figures have been regrouped / rearranged wherever necessary to make them comparable with the figures of current financial year.

Signature to Notes 1 To 18 Attached

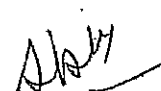
As per our report of even date

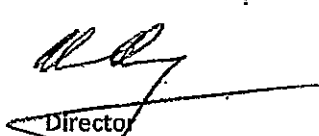
For M. L. SHARMA & CO  
Firm Reg. No.109963W  
Chartered Accountants

  
C. H. BANDI  
Partner  
M.No. 5385



For and on behalf of the Board of Directors

  
Director  
Sharan Saraf  
DN00035845

  
Director  
Narmad Saraf  
DN00035686

Place: Mumbai  
Date: 27 MAY 2016



**M. L. SHARMA & CO. (Regd.)**  
**CHARTERED ACCOUNTANTS**

107, Chartered House, 297 - 299, Dr. C. H. Street, Behind Dolours Church, Marine Lines, Mumbai - 400 002.

☎ : (022) 2201 0808, 2201 1010 • Fax : (022) 2201 1414 • Resi. : (022) 2613 4916 • E-mail : mlsharma@mlsharma.in

**AUDITORS' REPORT**

**TO THE PARTNERS OF**

**SHREYAN INFRA & POWER LLP, MUMBAI**

We have compiled the attached Balance Sheet as at 31<sup>st</sup> March, 2016 of SHREYAN INFRA & POWER LLP, MUMBAI incorporated pursuant to section 12 (1) of the Limited Liability Partnership Act, 2008 and also the annexed Statement of Profit & Loss for the year ended on that date and report that: -

- 1) In our opinion, proper books of account have been maintained by the LLP firm;
  
- 2) The annexed Balance Sheet and Profit & Loss Account are in agreement with the Books of Account of the LLP Firm as at 31<sup>st</sup> March, 2016.

**PLACE: MUMBAI**  
**DATED: 27 MAY 2016**



**FOR M. L. SHARMA & CO.**  
**FIRM REG. NO. 109963W**  
**CHARTERED ACCOUNTANTS**

  
**(C.H. BANDI) PARTNER**  
**M. NO. 5385**

**SHREYAN INFRA & POWER LLP**

Balancesheet as at 31st March 2016

Particulars	Note No	As at 31/03/2016 Amount (₹)	As at 31/03/2015 Amount (₹)
<b>I Equity And Liabilities</b>			
1 Partners Capital Account	1	1,00,000	1,00,000
Partners Current Account	2	(3,85,153)	(18,660)
Reserves & Surplus		-	(3,55,383)
		<u>(2,85,153)</u>	<u>(2,74,043)</u>
<b>2 Non Current Liabilities</b>			
A.Other Non Current Liabilities	3	7,01,61,192	5,88,60,502
<b>3 Current Liabilities</b>			
A. Short Term Borrowings	4	9,51,06,512	9,80,00,000
B. Other Current Liabilities	5	9,28,696	10,43,669
		<u>9,60,35,208</u>	<u>9,90,43,669</u>
		<u>16,59,11,247</u>	<u>15,76,30,127</u>
<b>II Assets</b>			
<b>1 Non Current Assets</b>			
A.Deferred Tax Asset		1,26,928	1,21,960
<b>2 Current Assets</b>			
A. Stock -in -Trade (Land)		16,51,25,703	15,58,96,245
B. Cash And Cash Equivalent	6	1,57,744	12,32,225
C. Other Current Assets	7	5,00,872	3,79,697
		<u>16,57,84,319</u>	<u>15,75,08,167</u>
		<u>16,59,11,247</u>	<u>15,76,30,127</u>

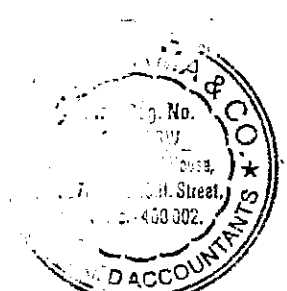
Significant Accounting Policies and Notes forming part of Accounts 9

For M. L. Sharma & Co.  
Firm Reg. No. 109963W  
Chartered Accountants

(C. H. Bandi) Partner  
M.No:5385

Place: Mumbai

Date: 27 MAY 2016



For Shreyan Infra & Power LLP

*[Signature]*

Partner

*[Signature]*

Partner



**SHREYAN INFRA & POWER LLP****Statement of Profit And Loss For The Period Ended 31 March 2016**

Particulars	Note No	For the Period ended 31/03/2016 Amount (₹)	For the Period ended 31/03/2015 Amount (₹)
<b>Revenue</b>			
Revenue From Operations		-	-
Other Income		-	-
<b>Total Revenue</b>		<b>-</b>	<b>-</b>
<b>Expenses</b>			
Bank Charges		9,688	3,019
Other Expenses	8	6,390	6,265
<b>Total Expenses</b>		<b>16,078</b>	<b>9,284</b>
<b>Profit/(Loss) Before Taxation</b>		<b>(16,078)</b>	<b>(9,284)</b>
<b>Tax Expenses</b>			
Deferred Tax		(4,968)	(1,880)
<b>Profit/(Loss) After Taxation</b>		<b>(11,110)</b>	<b>(7,404)</b>

Significant Accounting Policies and Notes forming part of Accounts

9

For M. L. Sharma & Co.  
Firm Reg. No. 109963W  
Chartered Accountants

(C. H. Bandi) Partner  
M.No: 5385

Place: Mumbai

Date: 27 MAY 2016



For Shreyan Infra & Power LLP

*(Signature)*

Partner

*(Signature)*

Partner

## SHREYAN INFRA & POWER LLP

### Notes To The Financial Statements For The Period Ended 31st March 2016

#### Note-1

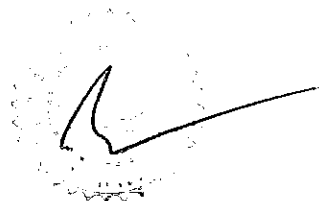
#### Partners Capital Account

Particulars	Current Year Amount (₹)	Previous Year Amount (₹)
<b><u>Technocraft Industries India Limited</u></b>		
Opening Balance	90,000	90,000
Add: Additions During the Year	-	-
Less Withdrawls During the Year	-	-
<b>Closing Balance (a)</b>	<b>90,000</b>	<b>90,000</b>
<b><u>Sharad Kumar Saraf</u></b>		
Opening Balance	10,000	10,000
Add: Additions During the Year	-	-
Less: Withdrawls During the Year	-	-
<b>Closing Balance (b)</b>	<b>10,000</b>	<b>10,000</b>
<b>Total Partners Capital Account (a+b)</b>	<b>1,00,000</b>	<b>1,00,000</b>



**SHREYAN INFRA & POWER LLP****Notes To The Financial Statements For The Period Ended 31st March 2016****Note-2****Partners Current Account**

Particulars	Current Year Amount (₹)	Previous Year Amount (₹)
<b>Technocraft Industries India Limited</b>		
Opening Balance	(16,794)	(10,130)
Add: Additions During the Year	-	-
Add : Transfer of Old Reserves to Current A/c	(3,19,845)	-
Add : Share of Profit / (Loss) for the Period	(9,999)	(6,664)
<b>Closing Balance (a)</b>	<b>(3,46,638)</b>	<b>(16,794)</b>
<b>Sharad Kumar Saraf</b>		
Opening Balance	(1,866)	(1,126)
Add: Additions During the Year	-	-
Add : Transfer of Old Reserves to Current A/c	(35,538)	-
Add : Share of Profit / (Loss) for the Period	(1,111)	(740)
<b>Closing Balance (b)</b>	<b>(38,515)</b>	<b>(1,866)</b>
<b>Total Partners Current Account (a+b)</b>	<b>(3,85,153)</b>	<b>(18,660)</b>



**SHREYAN INFRA & POWER LLP****Notes To The Financial Statements For The Period Ended 31st March 2016**

Particulars	As At 31/03/2016 Amount (₹)	As At 31/03/2015 Amount (₹)
<b>Note "3" Other Non Current Liabilities</b>		
Deposits Received from Co Venturer	1,50,00,000	1,50,00,000
Shreyan Venture Pune (TDS)	1,91,653	70,478
Shreyan Venture (Pune)	5,49,69,539	4,37,90,024
	<b>7,01,61,192</b>	<b>5,88,60,502</b>
<b>Note "4" Short Term Borrowings (From Related Party)</b>		
Ashrit Holdings Limited (Rate of Interest 10% p.a)	9,51,06,512	9,80,00,000
	<b>9,51,06,512</b>	<b>9,80,00,000</b>
<b>Note "5" :- Other Current Liabilities</b>		
Liabilities for Expenses	5,750	5,618
Tds Payable	9,22,946	10,38,051
	<b>9,28,696</b>	<b>10,43,669</b>
<b>Note "6" :- Cash &amp; Cash Equivalents Balances with Scheduled Bank</b>		
In Current Account	1,57,744	12,32,225
	<b>1,57,744</b>	<b>12,32,225</b>
<b>Note "7" Other Current Assets</b>		
Advances to Mittal Properties	3,09,219	3,09,219
Advance Income Tax	1,91,653	70,478
	<b>5,00,872</b>	<b>3,79,697</b>
<b>Note "8" :- Other Expenses</b>		
Licence & Membership fees	140	147
Professional fees	500	500
Payment to Auditors For Audit Fees	5,750	5,618
	<b>6,390</b>	<b>6,265</b>

**I. SIGNIFICANT ACCOUNTING POLICIES**

**1. BASIS OF ACCOUNTING**

These accounts are prepared on the historical cost basis, in accordance with the Generally Accepted Accounting Principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and on the accounting principles of going concern.

**2. RECOGNITION OF INCOME AND EXPENDITURE**

➤ Income and expenditure are recognized on accrual basis.

➤ **Revenue from Construction related activity is recognized as follows:**

The Revenue from such activities shall be recognized in accordance with the Guidance Note on Real Estate Transactions issued by The Institute of Chartered Accountants of India. As the Stage of Completion of the Project has not reached a reasonable level of Development as prescribed in the said Guidance Note, no revenue has been recognized in the Statement of Profit & Loss.

**3. INVENTORIES**

➤ Inventory Comprising of Land is valued at Cost or Net Realizable Value Whichever is lower. Cost of Land Comprises of Cost of Land, Stamp Duty, Registration Charges & all other Direct Costs incurred in connection with acquisition of Land.

**4. Fixed Assets:**

The Firm does not own any Fixed Assets during the year.

**5. Investments:**

The Firm does not own any Investments during the year.

**6. FOREIGN EXCHANGE TRANSACTION**

- Transactions denominated in foreign currency are normally accounted for at the exchange rate prevailing at the time of transaction.
- Monetary assets and Liabilities in foreign currency transactions remaining unsettled at the end of the year (other than forward contract transactions) are translated at the year end rates and the corresponding effect is given to the respective account.
- Exchange differences' arising on account of fluctuations in the rate of exchange is recognized in the statement of Profit & Loss account.
- Exchange rate difference arising on account of conversion/translation of liabilities for acquisition of Fixed Assets is recognized in the statement of Profit & Loss account.

**7. TAXATION**

Provision for current tax is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet Date. Deferred tax assets are recognized, only to the extent there is a reasonable certainty of its realisation. At each Balance sheet date, the carrying amounts of deferred tax assets are reviewed to reassure realization.

**8. RETIREMENT BENEFITS**

Year End Retirement benefits are not applicable to the Firm.

**9. BORROWING COST**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of the assets up to the date the assets are put to use. Other borrowing costs are charged to the Statement of Profit & Loss in the year in which they are incurred.

**10. INTANGIBLE ASSETS**


Intangible Assets are recognized by the Firm only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the same can be measured reliably. Intangible Assets are amortized on a systematic basis over its useful life and the amortization for each period will be recognized as an expense.

**11. PROVISION**

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

**12. CONTINGENT LIABILITIES**

Contingent Liabilities are not provided for in the accounts. These are disclosed by way of Notes to the Accounts.

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## II. NOTES TO ACCOUNTS

1. The Limited Liability Partnership is engaged in Real Estate Activities .The Revenue from such activities shall be recognized in accordance with the Guidance Note on Real Estate Transactions issued by The Institute of Chartered Accountants of India. As the Stage of Completion of the Project has not reached a reasonable level of Development as prescribed in the said Guidance Note, no revenue has been recognized in the Statement of Profit & Loss.
2. Provision for taxation has not been made in view of Losses.
3. **DISCLOSURE OF RELATED PARTIES AND RELATED PARTY TRANSACTIONS**  
In compliance with the AS-18 "Related Party Disclosure", which has become mandatory, the required information is as under:-

### (I) LIST OF RELATED PARTIES

SR.NO	RELATED PARTY
<b>I</b>	<b>KEY MANAGERIAL PERSONNEL</b>
1	S.K.Saraf – Being Designated Partner
2	S.M.Saraf (Representing Technocraft Industries (I) Ltd Being Designated Partner)
<b>II</b>	<b>Enterprises Significantly influenced by Key Managerial Personnel or their relatives</b>
1	Ashrit Holdings Limited
<b>III</b>	<b>Joint Venture</b>
1	Shreyan Venture
<b>IV</b>	<b>Designated Partner</b>
1	Technocraft Industries (I) Ltd
<b>V</b>	<b>Co-Venturer</b>
1	Mohit Developers

### (II) Names of the Related Parties with Whom Transactions Were Carried Out During the Year and Description of Relationship

SR.NO	RELATED PARTY
<b>I</b>	<b>Joint Venture</b>
1	Shreyan Venture
<b>II</b>	<b>Enterprises Significantly Influenced by Key Managerial Personnel or their relatives</b>
1	Ashrit Holdings Limited

**(III) Disclosure of Related Party Transactions**

Sr.No.	Nature of Relationship / Transactions	Designated Partner & Partners	Joint Venture & Co Venturer	Enterprises Significantly Influenced by KMP	Total (Amount(₹))
1	Interest Paid	NIL (1,03,80,513)	NIL (NIL)	92,29,458 (NIL)	92,29,458 (1,03,80,513)
2	Loan Received	NIL (13,99,285)	NIL (NIL)	94,11,512 (9,80,00,000)	94,11,512 (9,93,99,285)
3	Loan Repaid	NIL (13,66,87,606)	NIL (NIL)	1,23,05,000 (NIL)	1,23,05,000 (13,66,87,606)
4	Advances Received	NIL (NIL)	1,13,00,690 (2,54,13,840)	NIL (NIL)	1,13,00,690 (2,54,13,840)

**(IV) Amount due To / From Related Parties as on 31st March 2016**

Sr.No.	Nature of Relationship / Transactions	Designated Partner & Partners	Joint Venture & Co Venturer	Enterprises Significantly Influenced by KMP	Total (Amount(₹))
1	Loan Outstanding	NIL (NIL)	NIL (NIL)	9,51,06,512 (9,80,00,000)	9,51,06,512 (9,80,00,000)
2	Advances Payable	NIL (NIL)	5,51,61,191 (4,38,60,501)	NIL (NIL)	5,51,61,191 (4,38,60,501)
3	Deposits Payable	NIL (NIL)	1,50,00,000 (1,50,00,000)	NIL (NIL)	1,50,00,000 (1,50,00,000)
4	Partners Capital Accounts	1,00,000 (1,00,000)	NIL (NIL)	NIL (NIL)	1,00,000 (1,00,000)
5	Partners Current Accounts (Dr)	3,85,153 (18,660)	NIL (NIL)	NIL (NIL)	3,85,153 (18,660)

( ) indicates Previous Year Figures

4. The Firm is having a Joint Venture with Mohit Developers, operating as 'Shreyan Venture' as a Joint control operation in respect of construction of Buildings. The Revenue Sharing Proportion of the Firm from the said Joint control operation is 43.5%.



5. In compliance with the Accounting Standard-22 "Accounting for Taxes on Income" which has become mandatory, the Limited Liability Partnership has created Deferred Tax Assets (net) amounting to Rs 4,968 /- & the same has been credited to the Statement of Profit & Loss.

PARTICULARS	For the Period Ended 31 <sup>st</sup> March 2016 (Amount(₹))	For the Period Ended 31 <sup>st</sup> March 2015 (Amount(₹))
On Account of Preliminary Expenses	28,514	28,514
On Account of Business Loss	(33,482)	(30,394)
<b>NET IMPACT</b>	<b>(4,968)</b>	<b>(1,880)</b>
<b>Deferred Tax Assets</b>		
On Account of Preliminary Expenses	28,515	57,029
On Account of Business Loss	98,413	64,931
<b>Deferred Tax Assets</b>	<b>1,26,928</b>	<b>1,21,960</b>

Signature to Note 1 To 9 Attached

For M. L. SHARMA & CO  
Firm Reg. No.109963W  
Chartered Accountants

For Shreyan Infra & Power LLP

(C. H. BANDI) Partner  
M. No. 5385

Partner

Partner

Place: Mumbai  
Date: 27 MAY 2016



COMPANY REGISTRATION NUMBER 02806367

**TECHNOCRAFT INTERNATIONAL LIMITED**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2016**

# TECHNOCRAFT INTERNATIONAL LIMITED

## FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

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**TECHNOCRAFT INTERNATIONAL LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

<b>The board of directors</b>	N Saraf A K Saraf S K Saraf
<b>Company secretary</b>	Mrs L Russell
<b>Registered office</b>	Unit 2 Hammond Court Hammond Avenue Whitehill Industrial Estate Stockport SK4 1PQ
<b>Auditor</b>	West Wake Price LLP Chartered Accountants & Statutory Auditor 60 Moorgate London EC2R 6EL
<b>Bankers</b>	Bank of India 79 Newton Street Manchester M1 1EX

# TECHNOCRAFT INTERNATIONAL LIMITED

## DIRECTORS' REPORT

### YEAR ENDED 31 MARCH 2016

The directors present their report and the financial statements of the company for the year ended 31 March 2016.

#### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company was that of importers and distributors of products and services supplied by the parent and other group undertakings from India and there was no significant change therein during the year.

The Revenue and the profits of the company for the current year has been reduced as compared to previous year due to overall slowdown in the industry.

The accounts of current year ending 31st March 2016 are not strictly comparable to the accounts of previous period, as the current year consists of 12 months ending 31st March 2016 and previous period consists of 15 months ending 31st March 2015. The management expects that there will be improvement in the market condition and so will be improvement in Revenue and profits of the company in the year ending 31st March 2017 and thereafter.

#### DIRECTORS

The directors who served the company during the year were as follows:

N Saraf  
A K Saraf  
S K Saraf

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# TECHNOCRAFT INTERNATIONAL LIMITED

## DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2016

### AUDITOR

West Wake Price LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Signed on behalf of the directors



S K Saraf

Director

Approved by the directors on 15 July 2016

# TECHNOCRAFT INTERNATIONAL LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF TECHNOCRAFT INTERNATIONAL LIMITED

YEAR ENDED 31 MARCH 2016

We have audited the financial statements of Technocraft International Limited for the year ended 31 March 2016 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholder, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors, including "APB Ethical Standard - Provisions Available for Small Entities (Revised)", in the circumstances set out below:

In common with many other businesses of our size and nature the company use its auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

# TECHNOCRAFT INTERNATIONAL LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF TECHNOCRAFT INTERNATIONAL LIMITED *(continued)*

YEAR ENDED 31 MARCH 2016

### OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemptions from the requirement to prepare a strategic report.



RAMESH A KAPADIA (Senior Statutory Auditor)  
For and on behalf of  
WEST WAKE PRICE LLP  
Chartered Accountants & Statutory Auditor

60 Moorgate  
London  
EC2R 6EL

15 July 2016



# TECHNOCRAFT INTERNATIONAL LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2016

	Note	Year to 31 Mar 16 £	Period from 1 Jan 14 to 31 Mar 15 £
<b>TURNOVER</b>	<b>2</b>	3,907,100	6,320,838
Cost of sales		<u>3,738,093</u>	<u>6,026,037</u>
<b>GROSS PROFIT</b>		169,007	294,801
Administrative expenses		148,998	192,039
Other operating income	<b>3</b>	<u>–</u>	<u>(95,775)</u>
<b>OPERATING PROFIT</b>	<b>4</b>	20,009	198,537
Interest receivable	<b>6</b>	452	2,705
Interest payable and similar charges		<u>(42,422)</u>	<u>(40,108)</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(21,961)	161,134
Tax on (loss)/profit on ordinary activities	<b>7</b>	598	41,589
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<u>£(22,559)</u>	<u>£119,545</u>
Balance brought forward		<u>203,438</u>	<u>83,893</u>
Balance carried forward		<u>£180,879</u>	<u>£203,438</u>

The notes on pages 8 to 16 form part of these financial statements.

# TECHNOCRAFT INTERNATIONAL LIMITED

## BALANCE SHEET

31 MARCH 2016

	Note	2016 £	2015 £
<b>FIXED ASSETS</b>			
Tangible assets	8	308,479	308,901
Investments	9	36,000	36,000
		<u>344,479</u>	<u>344,901</u>
<b>CURRENT ASSETS</b>			
Stocks	10	1,508,895	548,401
Debtors	11	1,416,862	2,132,261
Cash at bank and in hand		421,043	115,376
		<u>3,346,800</u>	<u>2,796,038</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>2,073,101</u>	<u>1,484,819</u>
<b>NET CURRENT ASSETS</b>		<u>1,273,699</u>	<u>1,311,219</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,618,178</u>	<u>1,656,120</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	13	86,778	102,680
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	14	519	—
		<u>£1,530,881</u>	<u>£1,553,440</u>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	18	1,350,002	1,350,002
Profit and loss account		180,879	203,438
<b>SHAREHOLDER'S FUNDS</b>		<u>£1,530,881</u>	<u>£1,553,440</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

These accounts were approved by the directors and authorised for issue on 15 July 2016, and are signed on their behalf by:

S K Saraf

Company Registration Number: 02806367

The notes on pages 8 to 16 form part of these financial statements.

# TECHNOCRAFT INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

### 1. ACCOUNTING POLICIES

#### 1 Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

#### 2 Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts.

#### 3 Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

#### 4 Fixed assets

All fixed assets are initially recorded at cost.

#### 5 Depreciation

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Freehold Property	-	Straight line over fifty years
Plant & Machinery	-	15% Straight line
Fixtures & Fittings	-	25% Straight line
Motor Vehicles	-	25% Straight line

#### 6 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### 7 Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

# TECHNOCRAFT INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

### 1. ACCOUNTING POLICIES *(continued)*

#### 8 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a discounted/an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### 9 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

#### 10 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

# TECHNOCRAFT INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

### 2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	Year to 31 Mar 16 £	Period from 1 Jan 14 to 31 Mar 15 £
United Kingdom	2,787,802	4,880,911
Sales - Europe	344,481	500,834
Sales - Rest of the World	774,817	939,093
	<u>£3,907,100</u>	<u>£6,320,838</u>

### 3. OTHER OPERATING INCOME

	Year to 31 Mar 16 £	Period from 1 Jan 14 to 31 Mar 15 £
Other operating income	<u>-</u>	<u>95,775</u>

### 4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	Year to 31 Mar 16 £	Period from 1 Jan 14 to 31 Mar 15 £
Depreciation of owned fixed assets	5,392	6,547
Auditor's fees	10,000	10,000
Net profit on foreign currency translation	<u>(21,395)</u>	<u>(59,635)</u>

### 5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	Year to 31 Mar 16 £	Period from 1 Jan 14 to 31 Mar 15 £
Aggregate remuneration	<u>-</u>	<u>1,000</u>

# TECHNOCRAFT INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

### 6. INTEREST RECEIVABLE

	Year to 31 Mar 16 £	Period from 1 Jan 14 to 31 Mar 15 £
Bank interest receivable	<u>452</u>	<u>2,705</u>

### 7. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	Year to 31 Mar 16 £	Period from 1 Jan 14 to 31 Mar 15 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 20% (2015 - 20%)	<u>(462)</u>	<u>4,672</u>
Total current tax	£(462)	£4,672
Deferred tax:		
Origination and reversal of timing differences (note 14)		
Capital allowances	1,060	254
Losses	<u>-</u>	<u>36,663</u>
Total deferred tax (note 14)	1,060	<u>36,917</u>
Tax on (loss)/profit on ordinary activities	<u>598</u>	<u>41,589</u>

# TECHNOCRAFT INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

### 8. TANGIBLE ASSETS

	Freehold Property cost b/fwd £	Plant & Machinery cost b/fwd £	Fixtures & Fittings cost b/fwd £	Motor Vehicles £	Total £
<b>COST</b>					
At 1 April 2015	367,643	14,110	24,779	–	406,532
Additions	–	–	–	4,970	4,970
<b>At 31 March 2016</b>	<u>367,643</u>	<u>14,110</u>	<u>24,779</u>	<u>4,970</u>	<u>411,502</u>
<b>DEPRECIATION</b>					
At 1 April 2015	58,742	14,110	24,779	–	97,631
Charge for the year	5,237	–	–	155	5,392
<b>At 31 March 2016</b>	<u>63,979</u>	<u>14,110</u>	<u>24,779</u>	<u>155</u>	<u>103,023</u>
<b>NET BOOK VALUE</b>					
At 31 March 2016	<u>303,664</u>	–	–	<u>4,815</u>	<u>308,479</u>
At 31 March 2015	<u>308,901</u>	–	–	–	<u>308,901</u>

### 9. INVESTMENTS

	Total £
<b>COST</b>	
At 1 April 2015 and 31 March 2016	<u>36,000</u>
<b>NET BOOK VALUE</b>	
At 31 March 2016 and 31 March 2015	<u>36,000</u>

The company owns 100% of the issued share capital of Highmark International Trading-F.Z.E, a company incorporated in the United Arab Emirates.

	2016 £	2015 £
<b>Aggregate capital and reserves</b>		
Highmark International Trading-F.Z.E	1,380,994	171,767
<b>Profit and (loss) for the year</b>		
Highmark International Trading-F.Z.E	1,203,862	135,767

Under the provision of section 398 of the Companies Act 2006 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

# TECHNOCRAFT INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

### 10. STOCKS

	2016 £	2015 £
Finished goods	<u>1,508,895</u>	<u>548,401</u>

### 11. DEBTORS

	2016 £	2015 £
Trade debtors	940,257	1,088,127
Amounts owed by group undertakings	387,012	946,678
Corporation tax repayable	462	-
Other debtors	1,400	1,400
Prepayments and accrued income	87,731	95,515
Deferred taxation (note 14)	-	541
	<u>£1,416,862</u>	<u>£2,132,261</u>

### 12. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Bank loans and overdrafts	1,463,744	1,167,037
Trade creditors	280,822	134,818
Amounts owed to group undertakings	190,567	54,186
Other creditors including taxation and social security:		
Corporation tax	-	4,672
PAYE and social security	16,382	18,974
VAT	40,937	47,686
Directors current accounts	636	636
Other creditors	2,020	4,508
Accruals and deferred income	<u>77,993</u>	<u>52,302</u>
	<u>£137,968</u>	<u>£128,778</u>
	<u>£2,073,101</u>	<u>£1,484,819</u>

Bank overdraft amounting to £1,451,775 (2015:£1,157,708) is secured by a mortgage and general charge (Debenture) on the company's fixed and floating assets and a corporate Guarantee from the parent undertaking of £2,500,000 (2015: £2,500,000).

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2016 £	2015 £
Bank loans and overdrafts	<u>11,969</u>	<u>9,329</u>



# TECHNOCRAFT INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 MARCH 2016

#### 13. CREDITORS: Amounts falling due after more than one year

	2016 £	2015 £
Bank loans and overdrafts	<u>86,778</u>	<u>102,680</u>

The bank loan amounting to £98,747 (2015:£112,009) is secured by a first legal charge over the company's freehold property.

The bank loan is repayable in monthly instalments to 30 June 2024. The interest rate on the bank loan at the balance sheet date was 2.40% (2015: 2.40%).

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2016 £	2015 £
Bank loans and overdrafts	<u>47,878</u>	<u>44,490</u>

Included within creditors falling due after more than one year is an amount of £38,900 (2015 - £58,190) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

#### 14. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	Year to 31 Mar 16 £	Period from 1 Jan 14 to 31 Mar 15 £
Included in debtors (note 11)	-	(541)
Included in provisions	<u>519</u>	<u>-</u>
	<u>£519</u>	<u>£(541)</u>

The movement in the deferred taxation account during the year was:

	Year to 31 Mar 16 £	Period from 1 Jan 14 to 31 Mar 15 £
Balance brought forward	(541)	(37,458)
Profit and loss account movement arising during the year	<u>1,060</u>	<u>36,917</u>
Balance carried forward	<u>£519</u>	<u>£(541)</u>

# TECHNOCRAFT INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

### 14. DEFERRED TAXATION *(continued)*

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2016 £	2015 £
Excess of taxation allowances over depreciation on fixed assets	519	(541)
	<u>£519</u>	<u>£(541)</u>

### 15. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2016 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2016 £	2015 £
Operating leases which expire:		
Within 2 to 5 years	2,826	742

### 16. CONTINGENCIES

There are contingent liabilities outstanding at the balance sheet date of £11,000 (2015:£11,000) in respect of trade finance and guarantees, respectively, issued in the ordinary course of business.

### 17. RELATED PARTY TRANSACTIONS

The ultimate parent undertaking was controlled by its directors Mr S K Saraf and Mr S M Saraf, who between them, together with other close family members own 76.03% (2015: 74.97%) of the equity shares of the parent undertaking.

The company has taken advantage of the exemptions in the Financial Reporting Standard for Smaller Entities (effective January 2015) that transactions do not need to be disclosed with companies 90% of whose voting rights are controlled within the group.

# TECHNOCRAFT INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

### 18. SHARE CAPITAL

#### Authorised share capital:

	2016 £	2015 £
1,350,002 Ordinary shares of £1 each	<u>1,350,002</u>	<u>1,350,002</u>

#### Allotted, called up and fully paid:

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,350,002</u>	<u>1,350,002</u>	<u>1,350,002</u>	<u>1,350,002</u>

### 19. ULTIMATE PARENT COMPANY

The company's immediate and ultimate parent undertaking is Technocraft Industries (India) Limited, a company registered in India. The consolidated accounts of Technocraft Industries (India) Limited can be obtained from the Registrar of Companies, 100 Everest, Marine Drive, Mumbai, 400 002, India.

### 20. GOING CONCERN

In the course of preparing the financial statements for the year ended 31 March 2016 the directors have assessed whether the company is a going concern. They have assessed the responses of the directors of the ultimate parent undertaking, considered the current bank facilities and guarantees from the ultimate parent undertaking, all available information about the future and have prepared projected profit & loss forecasts for the two years ended 31 March 2018. No material uncertainties have been identified by the directors that may cast any significant doubt about the ability of the company to continue as a going concern.

**TECHNOCRAFT INTERNATIONAL LIMITED**  
**MANAGEMENT INFORMATION**  
**YEAR ENDED 31 MARCH 2016**

**The following pages do not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 4 to 5.**

# TECHNOCRAFT INTERNATIONAL LIMITED

## DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2016

	Year to 31 Mar 16		Period from 1 Jan 14 to 31 Mar 15
	£	£	£
<b>TURNOVER</b>			
Sales - UK		2,787,802	4,880,911
Sales - Europe		344,481	500,834
Sales - Rest of the World		774,817	939,093
		<u>3,907,100</u>	<u>6,320,838</u>
<b>COST OF SALES</b>			
Opening stock - finished goods	548,401		576,898
Purchases	3,902,730		4,863,402
Direct costs	128,264		229,194
Wages and salaries	598,784		810,635
Employer's NI contributions	62,379		80,357
Commissions payable	3,604		13,210
Plant leasing charges	2,826		742
	<u>5,246,988</u>		<u>6,574,438</u>
Closing stock - finished goods	<u>(1,508,895)</u>		<u>(548,401)</u>
		<u>3,738,093</u>	<u>6,026,037</u>
<b>GROSS PROFIT</b>		<u>169,007</u>	<u>294,801</u>
<b>OVERHEADS</b>			
Administrative expenses		148,998	192,039
		<u>20,009</u>	<u>102,762</u>
<b>OTHER OPERATING INCOME</b>			
Other operating income		–	95,775
<b>OPERATING PROFIT</b>		<u>20,009</u>	<u>198,537</u>
Bank interest receivable		452	2,705
		<u>20,461</u>	<u>201,242</u>
Interest payable		(42,422)	(40,108)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES</b>		<u>£(21,961)</u>	<u>£161,134</u>

**TECHNOCRAFT INTERNATIONAL LIMITED**  
**NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2016**

	Year to 31 Mar 16	£	Period from 1 Jan 14 to 31 Mar 15
	£	£	£
<b>ADMINISTRATIVE EXPENSES</b>			
<b>Personnel costs</b>			
Directors fees	–		1,000
Wages and salaries	64,845		59,867
Employers national insurance contributions	3,724		3,332
		68,569	64,199
<b>Establishment expenses</b>			
Rates	12,536		16,483
Light and heat	2,443		2,522
Insurance	1,676		3,175
Insurance - Type 2	16,420		21,187
Repairs and maintenance (allowable)	2,448		924
		35,523	44,291
<b>General expenses</b>			
Travel and subsistence	3,104		4,149
Other motor and travel expenses	531		–
Telephone	1,683		5,432
Printing, stationery and postage	4,137		7,305
General expenses	6,343		6,497
Advertising	1,395		–
Legal and professional fees	3,758		3,126
Other professional fees	–		8,985
Accountancy fees	16,983		27,453
Auditors remuneration	10,000		10,000
Depreciation on freehold property	5,237		6,547
Depreciation of motor vehicles	155		–
		53,326	79,494
<b>Financial costs</b>			
Bad debts written off	(4,426)		–
Provision for doubtful debts	–		1,800
Discounts allowed	1,813		–
Bank charges	15,588		61,890
Foreign currency gains/losses	(21,395)		(59,635)
		(8,420)	4,055
		<u>148,998</u>	<u>192,039</u>
<b>INTEREST RECEIVABLE</b>			
Bank interest receivable		<u>452</u>	<u>2,705</u>

**TECHNOCRAFT INTERNATIONAL LIMITED**  
**NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2016**

	Year to 31 Mar 16 £	Period from 1 Jan 14 to 31 Mar 15 £
<b>INTEREST PAYABLE</b>		
Bank interest payable	39,194	10,331
Interest on other loans > 5yrs	3,228	29,777
	<u>42,422</u>	<u>40,108</u>

**Technocraft Trading Spolka Z.O.O.**



ASSETS			
No.	ITEM	31.12.2014r.	31.12.2015
<b>A</b>	<b>Fixed Assets</b>	<b>1,644,999.32</b>	<b>1,524,041.44</b>
<b>I</b>	<b>Intangible assets</b>	<b>0.00</b>	<b>0.00</b>
1	R&D expenses		
2	Goodwill		
3	Other intangible assets	0.00	0.00
4	Advances for intangible assets		
<b>II</b>	<b>Tangible fixed assets</b>	<b>1,340,562.66</b>	<b>1,264,517.34</b>
1	Tangible fixed assets in use	1,340,562.66	1,264,517.34
a)	land (including right to perpetual usufruct)	903,929.34	903,929.34
b)	buildings, premises, civil and water engineering structures	410,820.88	346,209.64
c)	technical equipment and machines	0.00	0.00
d)	vehicles	17,997.53	7,227.53
e)	other tangible fixed assets	7,814.91	7,150.83
2	Tangible fixed assets under construction		
3	Advances for tangible fixed assets under construction		
<b>III</b>	<b>Long-term receivables</b>	<b>0.00</b>	<b>0.00</b>
1	From related parties		
2	From other entities		
<b>IV</b>	<b>Long-term investments</b>	<b>0.00</b>	<b>0.00</b>
1	Real property		
2	Intangible assets		
3	Long-term financial assets	0.00	0.00
a)	in related parties	0.00	0.00
	- shares		
	- other securities		
	- loans granted		
	- other long-term financial assets		
b)	in other entities	0.00	0.00
	- shares		
	- other securities		
	- loans granted		
	- other long-term financial assets		
4	Other long-term investments		
<b>V</b>	<b>Long-term prepayments</b>	<b>304,436.66</b>	<b>259,524.10</b>
1	Deferred tax assets	304,436.66	259,524.10
2	Other prepayments		
<b>B</b>	<b>CURRENT ASSETS</b>	<b>11,602,660.65</b>	<b>10,761,102.20</b>
<b>I</b>	<b>Inventory</b>	<b>4,819,588.04</b>	<b>2,785,498.93</b>
1	Materials		
2	Semi-finished products and work in progress		
3	Finished products		
4	Goods	4,819,588.04	2,785,498.93
5	Advances for deliveries		
<b>II</b>	<b>Short-term receivables</b>	<b>3,848,206.83</b>	<b>4,469,626.12</b>
1	Receivables from related parties	511,102.66	804,022.84
a)	trade receivables, maturing:	511,102.66	804,022.84
	- up to 12 months		
	- above 12 months	511,102.66	804,022.84
b)	other		
2	Receivables from other entities	3,337,104.17	3,665,603.28
a)	trade receivables, maturing:	2,847,471.17	3,312,523.49
	- up to 12 months		
	- above 12 months	2,847,471.17	3,312,523.49
b)	receivables from tax, subsidy, customs, social security and other benefits		
c)	other	489,633.00	353,079.79
d)	claimed at court		
<b>III</b>	<b>Short-term investments</b>	<b>2,885,743.12</b>	<b>3,410,694.75</b>
1	Short-term financial assets	2,885,743.12	3,410,694.75
a)	in related parties	0.00	0.00
	- shares		
	- other securities		
	- loans granted		
	- other short-term financial assets		
b)	in other entities	0.00	0.00
	- shares		
	- other securities		
	- loans granted		
	- other short-term financial assets		
c)	cash and other pecuniary assets	2,885,743.12	3,410,694.75
	- cash in hand and at bank	2,885,743.12	3,410,694.75
	- other cash		
	- other pecuniary assets		
2	Other short-term investments		
<b>IV</b>	<b>Short-term prepayments</b>	<b>49,122.66</b>	<b>95,282.40</b>
	<b>TOTAL ASSETS</b>	<b>13,247,659.97</b>	<b>12,285,143.64</b>

LIABILITIES			
No.	ITEM	31.12.2014r.	31.12.2015
<b>A</b>	<b>EQUITY</b>	<b>1,686,955.54</b>	<b>1,462,168.21</b>
I	Share capital	2,250,000.00	2,250,000.00
II	Called up share capital (negative value)		
III	Own shares (negative value)		
IV	Supplementary capital	989,408.38	989,408.38
V	Revaluation reserve		
VI	Other reserve capitals		
VII	Previous years' profit (loss)	(1,041,911.08)	(1,552,452.84)
VIII	Net profit (loss)	(510,541.76)	(224,787.33)
IX	Write-off on net profit during the financial year (negative value)		
<b>B</b>	<b>LIABILITIES AND PROVISIONS FOR LIABILITIES</b>	<b>11,560,704.43</b>	<b>10,822,975.43</b>
<b>I</b>	<b>Provisions for liabilities</b>	<b>0.00</b>	<b>0.00</b>
1	Provision for deferred income tax		
2	Provision for retirement and similar benefits	0.00	0.00
	- long-term		
	- short-term		
3	Other provisions	0.00	0.00
	- long-term		
	- short-term		
<b>II</b>	<b>Long-term liabilities</b>	<b>0.00</b>	<b>0.00</b>
1	To related parties	0.00	0.00
2	To other entities	0.00	0.00
	credits and loans		
	arising from issuance of debt securities		
	other financial liabilities		
	other		
<b>III</b>	<b>Short-term liabilities</b>	<b>11,560,704.43</b>	<b>10,822,975.43</b>
1	To related parties	2,762,334.49	4,998,282.73
	trade liabilities, maturing:	2,762,334.49	4,998,282.73
	- up to 12 months	2,725,687.58	4,961,635.82
	- above 12 months	36,646.91	36,646.91
b)	Other		
2	To other entities	8,798,369.94	5,824,692.70
	credits and loans	5,241,215.73	4,815,117.59
	arising from issuance of debt securities		
	other financial liabilities		
	trade liabilities, maturing:	3,458,732.57	827,198.92
	- up to 12 months	3,458,732.57	827,198.92
	- above 12 months		
	received advances for deliveries	63,053.07	24,829.93
	bill-of-exchange liabilities		
	tax, customs, insurance and other liabilities	35,368.57	157,546.26
	payroll liabilities		
	other		
3	Special funds		
<b>IV</b>	<b>Accruals</b>	<b>0.00</b>	<b>0.00</b>
1	Negative goodwill		
2	Other accruals	0.00	0.00
	- long term		
	- short term		
	<b>TOTAL LIABILITIES</b>	<b>13,247,659.97</b>	<b>12,285,143.64</b>

**Technocraft Trading Sp. z o.o.**  
**P & L Account Comparative variant**

Lp.	PERIOD:	01.01.2014- 31.12.2014	01.01.2015- 31.12.2015
<b>A</b>	<b>Net receipts from sales of products and equivalent to them</b>	<b>22,057,255.18</b>	<b>15,824,269.54</b>
	<i>including: from associated units</i>	<i>1,060,312.69</i>	<i>1,125,485.21</i>
I	Net receipts from sales of products		
II	Change in the condition of the products (increase – in value, decrease – negative value)		
III	Cost of producing goods for own needs of the unit		
IV	Net receipts from sale of goods and materials	20,996,942.49	14,698,784.33
<b>B</b>	<b>Costs of sales of products, goods and materials</b>	<b>22,003,884.23</b>	<b>15,335,006.80</b>
I	Depreciation	85,473.86	76,045.32
II	Consumption of materials and energy	34,705.26	38,516.44
III	Foreign services	704,923.87	444,074.68
IV	Taxes and fees including - excise duty	95,763.59	107,600.01
V	Wages	850,149.52	691,346.87
VI	Social insurance and other disbursements	157,863.77	129,888.43
VII	Remaining generic costs	110,374.13	129,699.04
VIII	Value of sold goods and materials	19,964,630.23	13,717,836.01
<b>C</b>	<b>Profit (loss) from sales (A – B)</b>	<b>53,370.95</b>	<b>489,262.74</b>
<b>D</b>	<b>Other operating receipts</b>	<b>35,264.12</b>	<b>334,439.54</b>
I	Profit from sales of non-financial fixed assets		
II	Subsidies		
III	Other operating receipts	35,264.12	334,439.54
<b>E</b>	<b>Other operating costs</b>	<b>184,808.20</b>	<b>361,183.91</b>
I	Loss from sales of non-financial fixed assets		
II	Update of value of non-financial assets		
III	Other operating costs	184,808.20	361,183.91
<b>F</b>	<b>Profit (loss) from operating activities (C + D – E)</b>	<b>(96,173.13)</b>	<b>462,518.37</b>
<b>G</b>	<b>Financial receipts</b>	<b>15,225.78</b>	<b>8,945.36</b>
I	<i>Dividends and share in profit, including: including: from associated units</i>		
II	Interests <i>including: from associated units</i>	15,225.78	8,945.36
III	Profit from sale of investment		
IV	Current investment value		
V	Other (positive differences)		
<b>H</b>	<b>Financial costs</b>	<b>445,871.52</b>	<b>464,523.50</b>
I	Interests <i>including: from associated units</i>	65,341.57	58,918.98
II	Loss from sales of investments		
III	Update of value of investments		
IV	Other (NEGATIVE DIFFERENCES)	380,529.95	405,604.52
<b>I</b>	<b>Profit (loss) includ. economic activity (F + G – H)</b>	<b>(526,818.87)</b>	<b>6,940.23</b>
<b>J</b>	<b>Result of extraordinary events (J.I. – J.II)</b>	<b>0.00</b>	<b>0.00</b>
I	Extraordinary profits		
II	Extraordinary losses		
<b>K</b>	<b>Gross profit (loss) (I ± J)</b>	<b>(526,818.87)</b>	<b>6,940.23</b>
<b>L</b>	<b>Income tax</b>	<b>107,314.00</b>	<b>186,815.00</b>
<b>M</b>	<b>Other compulsory deductions from profit (increase on loss)</b>	<b>(123,591.11)</b>	<b>44,912.56</b>
<b>N</b>	<b>Profit</b>	<b>(510,541.76)</b>	<b>(224,787.33)</b>

## OPINION OF THE INDEPENDENT AUDITOR

### for the Members' Meeting of 'TECHNOCRAFT TRADING' Sp. z o.o.

We audited the enclosed financial report for 2015 of "Technocraft Trading" Sp. z o.o. having its registered office in Łódź -92-318, ul Al. Piłsudskiego 133M. The financial report consists of:

- 1) introduction to the financial report;
- 2) balance sheet as at 31 Dec. 2015 which on the side of assets and liabilities amounts to:  
**PLN 12,285,143.64**
- 3) profit and loss account for the accounting year commencing on 1 Jan.2015 and finishing on 31 Dec. 2015 and showing the net loss of  
**PLN 224,787.33**
- 4) comparison of changes to the owner's equity for the accounting year commencing on 1 Jan.2015 and finishing on 31 Dec. 2015 showing a decrease in the equity by an amount of  
**PLN 224,787.33**
- 5) cash flow account for the accounting year commencing on 1 Jan.2015 and finishing on 31 Dec. 2015 showing an increase in cash by an amount of  
**PLN 524,951.63**
- 6) some additional information and explanations.

It is the Management Board that is responsible for preparing the financial report and the report on the performance in compliance with the binding provisions.

The Management Board is committed to make sure that the financial report and the performance report comply with the requirements stipulated in the act on accounting of 29 September 1994 (Official Journal of 2013, item 330 as amended) hereinafter called "the accounting act".

Our assignment was to audit and voice an opinion if the financial report complies with the principles (policy) of accountancy that are required to be applied. The other thing it was to check if it presents the financial and asset situation and the financial result of "TECHNOCRAFT TRADING" Sp. z o. o. in a reliable and clear way in all important aspects and if the accounting books that are the basis of this report are run correctly.

#### ***The audit of the financial report was carried out pursuant to the provisions of:***

1/chapter 7 of the act on accounting,

2/national standards of the financial audit, issued by the National Council of the Licensed Auditors in Poland,

3/the Commercial Companies Code.

We planned control and we audited the financial report in such a way as to make sure that we can express our opinion on the financial report. Particularly, the audit comprised checking if the principles (policy) of the accountancy and significant estimations applied by "TECHNOCRAFT TRADING" Sp. z o. o. were correct; the checking of the accounting evidence and entries from which figures and information included in the financial report result, was mostly at random, but we expressed a comprehensive opinion on the financial report.

To our mind, the audit provided us with a sufficient basis to express our opinion.

#### ***We believe that the audited financial report, in all significant aspects:***

a/ presents all information essential to evaluate the financial and assets situation of "TECHNOCRAFT TRADING" Sp. z o. o. as at 31 December 2015 in a reliable and clear way, the same concerns its financial result for the accounting year commencing on 1 January 2015 and finishing on 31 December 2015,

b/ was drawn up in compliance with the applicable accounting principles (policy) and on the basis of the accounting books which are run correctly,

c/ complies with legal provisions and provisions of the Articles of Association that affect the contents of the financial report,

***The report on the business performance of TECHNOCRAFT TRADING" Sp. z o. o. is complete as defined in art.49(2) of the accounting act and the information included in it and coming from the audited financial report is in accordance with it.***

Nina Surma (signature)

## REPORT

of the independent licensed auditor on financial accounts of  
TRADING SP. Z O.O.

TECHNOCRAFT

92-318 Łódź, Al. Piłsudskiego 133

for the accounting year commencing on 1 Jan. 2015 and finishing on 31 Dec. 2015

### 1. GENERAL INFORMATION OF THE REPORT

1.Data that identify the audited entity

1.1.1 Name of the audited entity and its registered office:

**TECHNOCRAFT TRADING Sp. z o. o.**

**92-318 Łódź, Al. Piłsudskiego 133 M**

1.1.2. The composition of the Management Board and changes that took place in this range in the audited year till the end of the audit

Sharad Kumar Saraf – President of the Board

Balraj Jadhav - Vice President of the Board

Saraf Ashis Kumar – Vice-President of the Board

There were no changes to the Management Board in the audited year of 2015 and till the end of the audit.

1.1.3. Legal grounds for the activity.

The Company runs business under the Articles of Association of 14 May 1998 drawn up in the Notarial Office in Łódź before Janusz Kozłowski, a civil law notary. Register 1940/98.

Recent changes to the notarial deed – the Articles of Association:

31 July 2003 - Register No 3650/2003

31 August 2004 – Register No 4629/2004

28 April 2011 - Register 3146/2011

1.1.3.1 Registering body - **The National Court Register, 20th Division of the National Court Register**

The seat of the court: **the District Court for Łódź –Śródmieście in Łódź**

Date of entry: **11 May 2002**

No of registration: **0000111688**

1.1.3.2 Tax registration with the Tax Office in Łódź

Fiscal number (NIP) **7262212853**

EU fiscal number (NIPUE) **PL 726221853**

1.1.3.3. Statistical registration with the Central Statistical Office in Łódź

Statistical number (REGON) **471738590**

1.1.4 The objects of business that has been registered and is actually carried on

-wholesale of: raw cotton yarn, mixed yarn, clothes, steel pipes and locks for barrels – **PKD 2007 51 56 Z**

1.1.5. Total value of the capital as at 31 Dec. 2015 **PLN 1,462,168.21**

1.1.5.1 The authorized share capital amounts to **PLN 2,250, 000.00**

and is divided into 4 500 shares of 500 zlotys each.

1.1.5.2. The supplementary capital **PLN 989, 408.38**

1.1.6 The owners of the capital and changes to the ownership structure that took place in the audited year and till the end of audit

-‘Technocraft Industries’ the limited liability company with the registered office in Mumbai, India, takes up 4,499 shares of the value of PLN 2,249,500.00.

- Jadhav Balraj takes up 1 share of the value of PLN 500.00.

Changes to the owners of capital and to the ownership structure in the audited year and till finishing the audit did not take place.

1.1.7. Information about associated entities as at 31 December 2015.

Technocraft Industries	Mumbai, India	Capital -majority shareholder
Technocraft International Limited	England	Horizontal association

1.1.8 The balance sheet was drafted as at 31 Dec.2015.

1.1.9 The period covered by the financial report is from 1 Jan. 2015 till 31 Dec.2015.

1.1.10. The balance sheet closes with a sum of assets and liabilities amounting to **PLN 12,285,143.64**

1.1.11 The gross result from the business activity presents a profit of **PLN 6,940.23**

1.1.12.The net result from the whole activity – loss of **PLN -224,787.33**

1.1.1.3 The audited entity provided all required by the auditor data, allowed inspecting any demanded documents and accounts. The entity also provided required information, explanations and representations.

1.1.1.4. Information on the financial accounts for the preceding year, i.e. for 2014

The audit of the financial accounts for the preceding year was conducted by:

Biuro Biegłych Rewidentów “EKO-BILANS” Sp. z o. o. with the office at 29/3 POW Street, 90-248 Łódź.

Type of the opinion given: unqualified.

The opinion was issued on 27 April 2015.

Date of the accounts approval:

The balance sheet for the previous year was approved by the Meeting of Members by passing Resolution 1 on 14 May 2015.

A method of the net loss settlement:

The Meeting of Members decided by Resolution 1 of 14 May 2015 to carry forward the net loss of 2014 amounting to PLN 510,541.76 to be settled by profit of the future years.

The financial report for 2014 was filed with:

-Tax office in Łódź on 21 May 2015,

-District Court in Łódź, 20th Division of the National Court Register on 21 May 2015

The report for the period preceding the present audit closed on the side of assets and liabilities by an amount equal to  
**PLN 13,247,659.97**

and by the financial result –gross loss equal to **PLN 526,818.87**

## 1.2. Data identifying the entity entitled to audit and the licensed auditor auditing the financial report on its behalf

1.2.1. The audit of the financial report was conducted under an agreement concluded on 1 December 2015 between “TECHNOCRAFT TRADING” spółka z ograniczoną odpowiedzialnością and Biuro Biegłych rewidentów “EKO-BILANS Sp. z o. o. which has been entered by the National Chamber of Licensed Auditors onto the list of entities entitled to run an audit of financial reports under no 64.

1.2.2. It was the Meeting of Members that by passing Resolution on 26 October 2015 and under the binding provisions chose a firm to carry out an audit.

1.2.3. The auditor was provided with all the demanded documents and data, with all exhausting information and explanations and it was also provided with a representation made by the Management Board, dated 27 April 2016 about completeness of the data in the accounting books, setting out all contingent liabilities. The auditor was also informed about important events that took place after the balance sheet date till the date of submitting the representation.

1.2.4. The auditing was performed on behalf of the entitled entity by Nina Surma, a chief licensed auditor no 10722 in the period between 7 January 2016 and 27 April 2016 on the company premises and the auditor’s office with some intervals.

1.2.5. Declaration of independence.

We hereby declare that both the entitled entity i.e. : Biuro Biegłych Rewidentów “EKO-BILANS” sp. z o. o. with which the company concluded an agreement for auditing the financial report and the licensed auditor acting for them – Nina Surma are independent of the audited company as defined in art.56 (3) and (4) of the act on licensed auditors, their self-government and entities entitled to audit financial reports and about public supervision enacted on 7 May 2009 (OJ of 2015 p. 1011 as amended). We particularly confirm the independence mentioned in the code of ethics IFAC constituting the principles of the professional ethics of licensed auditors.

1.2.6. Statements made by the audited entity and availability of data.

It must be said that a range of the audit was not limited in any way, while the person in charge made all statements, representations, explanations and gave all the information required by the auditor.

## 2. Information on assets , finance and performance results

### 2.1. BALANCE SHEET

Name of position in report	31 Dec. 2013	31 Dec.2014	31Dec. 2015
Fixed assets including:	1,597,453.53	1,644,999.32	1,524,041.44
Tangible fixed assets	1,416,607.98	1,340,562.66	1,264,517.34
Long-term accruals	180,845.55	304,436.66	259,524.10
Current assets, including:	9,361,186.54	11,602,660.65	10,761,102.20
Stock	3,979,222.24	4,819,588.04	2,785,498.93
Receivables for supplies & services, <i>Incl. r. to associated entities</i>	2,670,040.86	3,358,573.83	4,116,546.33
Short-term Investment	435,270.87	511,102.66	804,022.84
Equity	2,100,948.17	2,885,743.12	3,410,694.75
Short-term liabilities including:	2,197,497.30	1,686,955.54	1,462,168.21
	8,761,142.77	11,560,704.43	10,822,975.43

Liabilities by way of supplies & services, <i>Inc. to associated entities</i>	3,684,217.38 104,732.31	6,221,067.06 2,762,334.49	5,825,481.65 4,998,282.73
Credits & loans	5,019,582.72	5,241,215.73	4,815,117.59
<b>Balance sheet sum</b>	<b>10,958,640.07</b>	<b>13,247,659.97</b>	<b>12,285,143.64</b>

## I. ASSETS IN THE BALANCE SHEET

1. The value of all the assets of the company decreased from PLN 13,247,659.97 to PLN 12,285,143.64 which brings about its decrease by 7.27% in comparison to the previous year. The share of the fixed assets in the total assets stands at 12.41%. The fixed assets decreased by PLN 120,957.88 which constitutes a decrease by 7.35%, out of which:

- tangible fixed assets show a drop of PLN 76,045.32 i.e. by 5.67% in comparison to the previous year;
- assets by way of the deferred income tax show a decrease by PLN 44,912.56 i.e. by 14.75% in comparison to the previous year.

The current assets decreased by PLN 841,558.45 which constitutes the decrease by 7.25% in comparison to the previous year. The above situation was influenced by:

- decrease in the value of stock by PLN 2,034,089.11 which constitutes the decrease by 42.20% in comparison to 2014;
- increase in the value of the short-term receivables by way of supplies and services from the remaining entities by PLN 465,052.32 which constitutes an increase by 16.33% in comparison to the previous year;
- increase in the value of cash in hand and in the bank accounts by PLN 524,951.63, which constitutes the increase by 18.19% in comparison to the previous year. In 2015 the Company's current assets constituted 87.59% of the total value of the entity's assets, in 2014 – it was 87.58% and in 2013 -85.42% of the total value of the entity's assets. The structure of the assets in the scope of years of 2013, 2014, 2015 shows a stabilized character of the entity's assets condition.

### 2.1.2. Liabilities in the balance sheet

In 2015 the financing sources decreased by PLN 962,516.33 which constitutes a drop by 7.27% in comparison to the volume of the previous year. The own financing sources in the accounting year decreased by PLN 224,787.33 i.e. by 13.33% in comparison to the previous year. The decrease in the own financing sources results from the incurred net loss equal to PLN 224,787.33.

In 2015 the own financing sources constituted 11.90% of the all financing sources. External financing sources decreased by an amount of PLN 737,729.00 i.e. by 6.38%. The above was influenced by:

- "Short-term liabilities by way of supplies and services to associated entities" which increased by PLN 2,235,948.24, which means by 80.94%, in relation to the previous year,
- "Short-term liabilities by way of supplies and services to remaining entities" which decreased by 2,631,533.65 i.e. by 76.08% in relation to the previous year.
- Short-term liabilities by way of loans which decreased by PLN 426,098.14 i.e. by 8.13% in relation to the previous year.

In 2015 the Company renegotiated terms of revolving credits denominated in Euro and USD.

- revolving credit EUR EUR 946,825.67
- revolving credit USD USD 200,000.00

to be paid off in 2016. In 2015 the Company paid interest on the agreed dates of payments. Security of credits is correct.

## 2.2. Loss and profit account

### 1. Profit from the business activity and its clearance

Account position	31 Dec 2013	31 Dec. 2014	31 Dec.2015
Income on sale of goods, products and materials	17,366,295.12	22,057,255.18	15,824,269.54

Operating activity costs	17,454,322.28	22,003,884.23	15,335,006.80
Profit/loss on sale	-88,027.16	53,370.95	489,262.74
Profit/loss on operating activity	-210,040.56	-96,173.13	462,518.37
Profit/loss on business activity	-457,078.65	-526,818.87	6,940.23
Gross profit/loss	-457,078.65	-526,818.87	6,940.23
Net loss	-417,728.13	-510,541.76	-224,787.33

In 2015 the Company registered a decrease in the value of income on sale of goods by PLN 6,232,985.64 and the dynamics of 71.74 in comparison to 2014. The lower dynamics of costs on the operative performance of the value of 66.64% in comparison to the dynamics of income on sale of goods allows the Company to earn in 2015 profit on sale of PLN 489,262.74 which is the highest value over the years of 2013/2014/2015.

The company's result -net loss of PLN 224,787.33 is much influenced by the result of the financial activity, which was also noted in 2013 and 2014. In 2015 as in the previous years of 2013 and 2014 the Company financed its operating activity by external financing sources which are revolving credits denominated in foreign currencies of Euro and USD and also since 2014 by trade credits - short-term liabilities by way of supplies and services - denominated in EUR and USD. Over the year of 2015 the currency of PLN showed a significant drop in the value in relation to the currency of USD i.e. by 14.94% and in relation to EUR by 0.04%. Depreciation of the currency of PLN resulting from an unstable situation on the European markets and limitation on trade with Russia and Ukraine has influenced the result attained by the Company in 2015.

## 2.3. Ratios characterising business activity in the period 2013-2015

### 2.3.1. Profitability ratios

No	Ratio	Method of calculating ratio	Ratios			Variations	
			(1)-2013	(2) 2014	(3) 2015	(2)-(1)	(3)-(2)
1	Profitability ratio of the total assets	Net financial result	-3.81%	-3.85%	-1.83%	-0.04	2.02
		Total assets					
2	Profitability ratio of equity	Net financial result	-17.36%	-26.29%	-14.28%	-8.93	12.01
		Average annual equity					
3	Profitability ratio of net sales	Net financial ratio	-2.41%	-2.31%	-1.42%	0.10	0.89
		Income on sale of products					
4	Operational Profitability ratio of gross sale	Result of sales of products Income on sale of goods and materials	-0.51%	0.24%	3.09%	0.75	2.85

It results from the conducted analysis that the profitability ratios for 2015 in comparison to 2014 improved despite their negative values. The profitability ratio of assets increased from -3.85% in 2014 to -1.83% in 2015. The profitability ratio of the equity also increased by 12.01 percentage points in relation to 2014, while the profitability ratio of the gross sale increased from 0.24% in 2014 to 3.09% in 2015 and the profitability ratio of the net sale increased by 0.89 percentage points. In 2015 the net income on sale decreased by 28.26%. The operational costs decreased by 30.31%. Such a change to relation caused an increase in the profitability of the company.

### 2.3.2 Financial liquidity ratios

No.	Ratio	Method of calculating the ratio	Ratios			Variations	
			(1) 2013	(2) 2014	(3) 2015	(2)-(1)	(3)-(2)
1.	Ratio of current liquidity I	Total current assets Current liabilities (short-term)	1.07	1.00	0.99	-0.07	-0.01
2.	Quick ratio II	Working capital -( stock+ prepaid expenses)	0.61	0.58	0.73	-0.03	-0.15
		Current liabilities (short-term-over 12 months)					



3.	Ratio of cash to debt III	Marketable Securities + cash	0.24	0.25	0.32	0.01	0.07
		Current liabilities(short-term – over 12 months)					

The ratio of the current financial liquidity dropped from 1.00 to 0.99 and it diverges from the optimal values of 1.5 - 2.0. The ratio of quick liquidity improved from 0.58 to 0.73 and goes to optimal values of 1.0-1.2. The cash to debt ratio increased from 0.25 to 0.32. The ratio shows an increase in an ability to settle liabilities timely and its value is above the optimal value which is 0.20. Despite the fact that two out of three liquidity ratios diverge from the optimal values the present level of the short-term credits and their annual renegotiation maintains the company's ability to settle liabilities on a current basis.

### 2.3.3. Return on assets ratios

No	Ratio	Method of calculating the ratio	Ratios			Variations	
			(1) 2013	(2) 2014	(3) 2015	(2)-(1)	(3)-(2)
1.	Ratio of average time for settling receivables	Average receivables invoiced x no of days in the audited period Income on sale	80.56	49.88	86.21	-30.68	36.33
2.	Ratio of receivables turnover	<u>Income on sale</u> Average receivables	4.53	7.32	4.23	2.79	-3.09
3.	Ratio of liabilities turnover in days	Average liabilities by way of supplies, works and services x no of days in the audited period Value of goods and materials sold + cost of manufacturing sold goods	101.28	82.83	144.41	-18.45	61.58
4.	Speed of stock turnover	Average stock x no of days in the audited period Value of goods and materials sold +cost of manufacturing sold goods	89.92	72.98	90.51	-16.94	17.53
5.	Ratio of the stock turnover cycle	365/speed of the stock turnover in days	4.06	5.00	4.03	0.94	-0.97
6.	Financing cycle in days	Stock cycle + receivables cycle – commercial liabilities cycle	69.20	40.03	32.31	-29.17	-7.72

The ratio of the receivables turnover decreased. The ratio of the average time for settling receivables amounted to 86.21 days while in the previous year it was 49.88 days while in 2013 it was 80.56 days.

The liabilities were paid in a longer time in 2015 than in the previous year. The average cycle of clearing the liabilities in 2015 stood at 144.41 days, while one year earlier the liabilities were paid usually at average every 82.83 days. The stock was renewed at average every 90.51 days in 2015.

The financing cycle is 32.31 days which in relation to 2014 was shortened. The financing cycle in the previous year i.e. 2014 was 40.03 days and in 2013- 69.20 days.

### 2.3.4. Ratios of financing structure

No	Ratio	Method of calculating the ratio	Ratios			Variations	
			2012	2013	2014	(2)-(1)	(3)-(2)
1.	Debt ratio	Total liabilities	79.95%	82.27%	88.10%	7.32	0.83
		Total assets					
2.	Interest cover	Gross profit + interest (EBIT)	-6.16	-7.06	1.12	-0.90	8.18
		interest					
3.	Asset coverage ratio	Equity +reserves	1.55	1.26	1.16	-0.29	-0.10
		Fixed assets (net)					
4.	Financing structure ratio	Equity +reserves+ long-term liabilities	0.20	0.13	0.12	-0.07	-0.01

		Assets sum					
5.	Net income + depreciation+ amortization to total liabilities ratio	Net profit + amortization	-0.04	-0.04	-0.01	0.00	0.03
		Total liabilities					

Long-term financing sources cover 12% of the entity's assets. Financing the assets decreased in comparison to the previous years when it amounted to respectively for 2013 and 2014 : 20% and 13%. The ratio of the total debts increased by 0.83 percentage points in comparison to 2014 and in 2015 it amounted to 88.10%, which is not a correct trend.

### 2.3.5. Ratios evaluating relation of the shares.

No	Ratio	Method of calculating ratio	Ratios			Variance	
			2013	2014	2015	(2)-(1)	(3)-(2)
1	Ratio of equity per 1 share	<u>Equity</u> No of shares	488.33	374.88	324.93	-113.45	-49.95
2	Net assets per 1 share	<u>Working capital</u> No of shares	133.34	9.32	-13.75	-124.02	-23.07
3	Profit amount per 1 share	<u>Net profit</u> No of shares	-92.83	-113.45	-49.95	-20.62	63.50

The accounting value of a share decreases year after year as well as the value of the net assets per one share.

According to the conducted analysis of the economic ratios we take the view that the assets and financial situation of the company indicates a stabilized and correct economic activity.

## 3. Detailed information about the course and results of the financial audit.

### 3.1. Evaluation and description of the correctness of the accounting books and accountancy and the capacity to continue the economic activity.

#### 3.1.1 Description of the accounting system.

The assessment of the accounting system applied.

- It was established that the audited organization possesses documentation describing accounting rules adopted by it in a form of:
  - a chart of accounts to be applied in the organization approved by the Management Board.
  - a list of applied accounting books ,
  - a list of applied computer programmes,
  - methods of establishing the financial result of the entity.
- The accounting books were conducted by using a financial and accounting computer system. The applied system meets the requirements determined in art.13-18 of the accounting act.
- No discrepancies were found in entries of economic operations between those in the journal and in the accounts of the main book and the provisions in art.14 and 15 of the accounting act.
- Accounts in the auxiliary books whose aim is to detail and complete entries in the main book were conducted according to the principles determined in the chart of accounts and are in compliance with art.17(2) of the accounting act.
- The accounting books were correctly started, entries are complete and correct as well as their links with other documents and the financial report do not give rise to any reservations.
- It was found that the organization prepared at the end of every month a comparison of the turnover and balances in the main book containing data listed in art.18(1) of the act mentioned above.
- Since the beginning of the year accruing comparisons of turnovers and balances are in accordance with turnovers in the journal also accruing since the beginning of the year.
- When auditing it was found out that the accounting evidence of business transactions met the requirements stipulated in art.21-23 of the accounting act.

9. The accounting books were conducted in compliance with the requirements determined in art.24-25 of the accounting act.
10. Documentation of the adopted accounting principles, accounting books discussed in art.10 and 13 of the accounting act and the accounting evidence, inventory documentation and the financial reports are stored in a correct way and protected from unauthorized changes, publishing, damage and destruction.
11. The books were commenced correctly maintaining the principle of the balance continuity.
12. The organization did not introduce any changes to the accounting principles within the accounting year.

### ***3.1.2.Evaluation of the stock-taking***

The organization conducted the stock-taking of assets in the specified time in compliance with the accounting principles. No inventory discrepancies were found.

### ***3.1.3. Evaluating if assets and liabilities were priced correctly.***

The pricing of assets and liabilities was made in compliance with the provisions of art. 28 of the accounting act.

### ***3.1.4. Assets and liabilities – completeness and correctness of the presentation.***

Particular elements of assets and liabilities result from the accounting register.

### ***3.1.5. Correctness of presenting data in the financial reports, in the additional information and in the report of the Management Board .***

1.The values presented in the financial report and in the supplementary additional information and in the Board's report are mutually coherent and are set out in a sufficient way in all important aspects.

2. The audited organization made a statement that they would continue the economic activity, discussed in art.5 (2) of the accounting act.

3. The stock is priced: products according to the purchase price.

4. The organization priced the stock as at the end of the year correctly.

The warehouse register of the organization (in a number and a value) is linked with the synthetic register of the financial-accounting register. No inconsistencies were found in entries between data in the warehouse register and the accounting books. No inventory discrepancies were found.

5. It was found out that conformity of the analytical balances to the synthetic accounts balances was maintained correctly.

6. The accounting transfers of the final balances of the resulting accounts were made at the end of the accounting period maintaining technical correctness. Balances of the accounts of set 4 and 7 were transferred into the account "Financial Result".

7. The basis of commencing the accounting books for 2015 were data of the approved balance sheet for 2014. The balance continuity was maintained.

8. The accounting books, floppy discs, discs and other entries media, source documents and other accounting devices are stored on the premises of the organization. It was not found that unauthorized people had had access to them. The requirements determined in chapter 8 "Protection of data" in the accounting act can be deemed as satisfying.

## **4. Information about some significant positions in the report**

### **4.1. General information about the financial statement**

The Annual financial statement as at 31 Dec. 2015 comprises results from the activity in the period between 1 Jan.2015 and 31 Dec. 2015.

The profit and loss account was drawn up in a comparative variant under appendix 1 to the accounting act.

The audit covered:

- additional information satisfying the requirements determined by art.48 of the accounting act;
- cash flow account prepared using the indirect method in accordance with art.48b of the accounting act;
- changes to the capital and their consistency with data resulting from the balance sheet and the loss and profit account under art.48a of the accounting act;

-report on the business performance of the organization under art.49 of the accounting act.  
Other additional issues were not subject to the audit and separate reports were not drawn up by the licensed auditor.

## 4.2 Supplementary information

### 4.2.1. Significant violations of law, abuses

No significant violations of the binding law that would affect the financial report and the company's agreements were found.

### 4.2.2 Contingent liabilities

In the supplementary information the company indicated the presence of the contingent liabilities which was also confirmed during conversations with the Board and by the Company documents.

### 4.2.3 Events after the balance sheet date.

In the company there were no significant events after the balance sheet date which would influence the evaluation of the results of the business in 2015 and the evaluation of a threat to the business performance continuity.

## 5. Introduction to the financial report and the additional information

Data included in the additional information are in conformity with the data resulting from the accounting books.

Introduction to the financial report and the additional information and explanations meet requirements determined in art.48 (1) p.1 and 2 and in appendix 1 to the accounting act and they are in conformity with the data resulting from the accounting books. The indicated information was presented exhaustively. The Management

Board provided appropriate information in the introduction to the report about a possibility to continue the business.

## 6. Comparison of changes in the equity

The comparison of changes in the equity showing the equity of PLN 1,462,168.21 as at the end of 2015 was made in compliance with art.48 of the accounting act. It presents changes in the equity in 2015 made correctly.

## 7. Cash flow account

The report on the cash flow shows the values of flows of PLN 524,951.63 in the period from 1 Jan. 2015 to 31 Dec. 2015, out of which:

- Cash flow from operative activity amounts to	PLN +1,001,023.39
- Cash flow on the investment performance of	PLN + 8,945.36
- Cash flow from the financial performance of	PLN 485,017.12

From the analysis of the above flows a conclusion comes that the Company covers costs of the liabilities incurred earlier by way of credits, from the earned funds on the operative activity and the investment activity.

## 8. Report on the performance of the company

The report on the Company's performance is in conformity with data in the accounting books, meets requirements determined in art.49 (1) and (2) of the accounting act.

The Management Board provided information about continuing the company's economic activity (vide-introduction to the financial report).

## 9. Summing up the audit results

1. The financial result established by the Company closes with the gross loss of	<b>PLN 6,940.23</b>
2. Compulsory write-offs by way of the income tax	<b>PLN 231,727.56</b>
- corporate income tax for 2015	PLN 186,815.00
- deferred corporate income tax	PLN 44,912.56
<b>Net loss</b>	<b>PLN -224,787.33</b>

## 10. FINAL REMARKS

This report contains 14 numbered pages. Each page was marked with initials of the auditor at the bottom, next to the page number.

The integral part of the report is the financial account.

*Nina Surma*  
*Reg. number 10722*  
*Key licensed auditor*  
*Auditing on behalf of*

*Biuro Biegłych Rewidentów  
“EKO-BILANS” Sp. z o.o.  
90-248 Łódź ul. POW 29/3  
Included in the list of entitled entities under number 64  
Decision no of Resolution 94/50/95 KRBR of 2 Feb. 1995*

Łódź 27 April 2015

# TECHNOCRAFT AUSTRALIA PTY LTD

A.F.N.89 119 021 975

## STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 MARCH, 2016

2015		2016
164,507.70	OPERATING PROFIT before tax	331,578.94
49,352.40	Income tax applicable thereto	99,473.70
-----		-----
115,155.30	OPERATING PROFIT for the year	232,105.24
571,700.76	RETAINED PROFIT B/F	686,856.06
-----		-----
686,856.06	RETAINED PROFIT at year end	918,961.30
-----		-----
\$686,856.06	RETAINED PROFIT c/f	\$918,961.30
=====		=====

Public officer\*.....  
THESE ACCOUNTS ARE UNAUDITED  
PLEASE REFER TO THE COMPILATION REPORT

# TECHNOCRAFT AUSTRALIA PTY LTD

A.B.N.89 119 021 975

## STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2016

2015

2016

CURRENT ASSETS

Cash:

	Cash at bank	68,244.46
88,190.62	Cash on hand	45.75
397.39		
	Receivables:	
	Trade debtors (per schedule)	3,399,534.81
1,412,336.50	Other debtors	66,374.00
51,902.33	GST receivable	0.00
9,673.00	Inventories	1,083,330.21
652,224.72		
-----		-----
2,214,724.56	TOTAL CURRENT ASSETS	4,617,529.23

NON-CURRENT ASSETS

	Motor vehicle (at cost)	15,804.68
13,050.14	Accumulated depreciation	9,196.52
7,393.78		
-----		-----
\$5,656.36		\$6,608.16
=====		=====
8,338.18	Plant & equipment (at cost)	50,692.22
4,186.00	Accumulated depreciation	9,956.82
-----		-----
\$4,152.18		\$40,735.40
=====		=====
9,808.54	TOTAL NON-CURRENT ASSETS	47,343.56

-----  
\$2,224,533.10 TOTAL ASSETS \$4,664,872.79  
=====

Creditors and borrowing:

	Trade creditors	2,610,201.32
1,215,725.97	CBA Loan	496,599.44
0.00	Other creditors	260,550.60
51,840.68	BAS Payable	61,032.43
0.00	GST payable	0.00
2,703.99	Income tax	99,473.70
49,352.40		
-----		-----
1,319,623.04	TOTAL CURRENT LIABILITIES	3,527,857.49

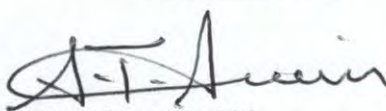
NON-CURRENT LIABILITIES

-----  
1,319,623.04 TOTAL LIABILITIES 3,527,857.49  
-----

\$904,910.06 NET ASSETS \$1,137,015.30  
=====

SHAREHOLDERS EQUITY

Share capital:

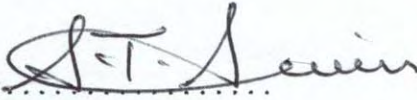
Public officer\*   
THESE ACCOUNTS ARE UNAUDITED  
PLEASE REFER TO THE COMPILATION REPORT

# TECHNOCRAFT AUSTRALIA PTY LTD

A.B.N.89 119 021 975

## STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2016

2015		2016
218,054.00	218054 shares	218,054.00
686,856.06	RETAINED PROFIT	918,961.30
-----		-----
\$904,910.06	TOTAL SHAREHOLDERS' FUND	\$1,137,015.30
=====		=====

Public officer\*   
THESE ACCOUNTS ARE UNAUDITED  
PLEASE REFER TO THE COMPILATION REPORT




# TECHNOCRAFT AUSTRALIA PTY LTD

A.B.N.89 119 021 975

## DETAILED STATEMENT of COMPREHENSIVE INCOME YEAR ENDED 31 MARCH, 2016

2015		2016
5,795,122.53	GROSS SALES	10,145,622.60
	Less	
	COST OF SALE	
964,014.22	Opening stock	652,224.72
4,115,340.32	Purchases	8,496,885.64
398,413.84	Freight, forwarding & customs	610,089.44
43,572.95	Packing & repainting	92,560.71
100,707.41	Commission	150,210.45
5,622,048.74		10,001,970.96
652,224.72	Less closing stock	1,083,330.21
4,969,824.02	Cost of sales	8,918,640.75
825,298.51	GROSS PROFIT	1,226,981.85
	Less	
	EXPENDITURE	
10,413.64	Accountancy	11,600.00
3,146.18	Advertising and promotion	2,924.73
5,250.87	Bank charges	29,627.12
96,731.08	Bad debts	6,417.57
1,507.70	Cleaning	1,601.80
1,062.00	Consultancy	352,400.35
303.50	Computer expenses	150.00
623.44	Depreciation	5,391.73
1,742.73	Depreciation immediate w/off	379.09
375.00	Donations	180.00
931.00	Fees and licences	2,093.99
2,806.84	Fringe benefits tax	3,019.38
143,104.03	Forex loss	0.00
7,978.69	Insurance	11,079.56
0.00	Interest charges	2,692.53
2,188.88	Internet expenses	3,235.20
24,229.83	Legal fees	56,187.39
4,797.73	Light and power	5,591.68
5,963.84	Motor vehicle expenses	7,165.49
148.18	Printing & stationery	1,408.23
178.79	Postage	150.81
84,000.00	Rent	129,409.06
3,474.43	Repairs & maintenance	9,864.42
220,185.58	Salaries wages and allowances	256,787.00
0.00	Staff visa expenses	8,235.85
884.00	Security expenses	480.00
428.97	Subcontractors	0.00
20,649.00	Superannuation contributions	24,429.00
2,753.02	Staff amenities	1,560.25


Public officer\*   
 THESE ACCOUNTS ARE UNAUDITED  
 PLEASE REFER TO THE COMPILATION REPORT

# TECHNOCRAFT AUSTRALIA PTY LTD

A.B.N.89 119 021 975

## DETAILED STATEMENT of COMPREHENSIVE INCOME YEAR ENDED 31 MARCH, 2016

2015			2016
0.00	Staff training	2,750.00	
1,087.10	Telephone	2,363.74	
13,844.76	Travel & fares	28,129.07	
-----		-----	
660,790.81			967,305.04
-----			-----
164,507.70	OPERATING PROFIT for period		259,676.81
0.00	Interest received		71,902.13
-----			-----
\$164,507.70	TOTAL OPERATING PROFIT		\$331,578.94
=====			=====

Public officer\*   
THESE ACCOUNTS ARE UNAUDITED  
PLEASE REFER TO THE COMPILATION REPORT

Client: Technocraft Australia Pty Ltd


For The Year Ended 31st March 2016

**Schedule of Motor Vehicles**

Depreciation	1,802.74
Drivers licence	-
Insurance	1,740.73
Interest	-
Loss on sales	-
NRMA subscription	-
Other expenses	-
Parking & Toll	32.73
Petrol	1,930.25
Registration	600.23
Rental	-
Repairs and maintenance	1,058.81
	<u>7,165.49</u>
Less: FBT employees' contributions	-
Total claimed	<u>7,165.49</u>

**Depreciation Schedule**

Description	Purchase Date	Original Cost	Addition	OWDV	Rate %	Dep'n	Disposal	CWDV	Days
Car - Sydney	30/04/2012	13,050.14		5,656.37	25.00%	1,414.09		4,242.27	365
Station Wagon- - Perth 100% business use	7/09/2015	2,754.54		2,754.54	25.00%	388.65		2,365.89	206
<b>Total</b>		<u>15,804.68</u>	-	<u>8,410.91</u>		<u>1,802.74</u>		<u>6,608.16</u>	

  
 \_\_\_\_\_  
 Director

Client: Technocraft Australia Pty Ltd

For The Year Ended 31 March 2016

**Bad Debts**

Elite Holdings Group Pty Ltd	6,417.57
	<u>6,417.57</u>

**Commission**

1ST India - HighMark International Trading	145,640.82
Geoff	4,244.63
Commission Perth	325.00
	<u>150,210.45</u>

**Consultancy**

The Marron Consultancy	1,049.00
1ST India - HighMark International Trading	351,351.35
	<u>352,400.35</u>

**Fees & Licences**

ASIC renew	243.00
SUNab Card	782.83
MYOB lic fee	1,068.16
	<u>2,093.99</u>

**Insurance**

Public liab. and General Busi. insurance	3,977.63
Work cover - QBE	4,553.73
Medibank private doclands	2,548.20
	<u>11,079.56</u>

**Legal fees**

Wyndhamprem Commercial Lawyers	42,949.18
Ferrier Hodgson on Ation Scaffolding case	8,682.30
Adam Gerard on ACTION case	1,800.00
SuNab purchase	55.91
De Freitas & Ryan Property Consultants	1,500.00
Scribe Design Group Pty Ltd	1,200.00
	<u>56,187.39</u>

**Travel and fares**

Flights/ Travel - Internation /National business trips	28,129.07
	<u>28,129.07</u>

**Interest Received**

Unispan Australia Pty Ltd	32,383.91
Capital Scaffolding NSW Pty Ltd	10,727.22
Caspean Holdings Pty Ltd	28,791.00
	<u>71,902.13</u>

**Cash at bank**

CBA Syd	8,202.28
CBA Perth	56,706.37
CBA - USD	3,335.81
	<u>68,244.46</u>

**Other debtors**

PAYG instalments	33,774.00
Land lord deposit -Perth	15,000.00
Land lord deposit - Syd	17,600.00
	<u>66,374.00</u>

**Other creditors**

Advance from CGS	252,431.39
Advance from Full strength	2,192.89
AGL	138.60
Easy tower	26.84
Concon	44.00
Payroll accruals	2,340.00
Perth Commission payable	357.50
2016 FBTpayable	3,019.38
	<u>260,550.60</u>

Client: Technocraft Australia Pty Ltd

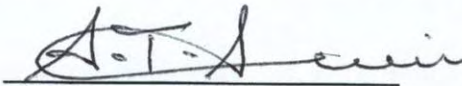
For The Year Ended 31st March 2016

## Schedule of Trade Debtor

	Amount
Trade debtor - Syd	3,369,932.44 *
Trade debtor - Perth	<u>29,602.37</u>
	<u><b>3,399,534.81</b></u>

\*Baddebts w/off 2015 to be deducted from Aged receivable summary to reconcile \$105,054.8 (Australia Scaffolding).

Director



**ANHUI RELIABLE STEEL  
TECHNOLOGY CO.LTD**

**Audit Report For The Year 2015**

**ChuHengShenZi[2016]NO.081**

**Chuzhou Heng Li Xin**

**Certified**

**Public Accountants Office**

**Address: Room 406, Building 2, Xianggangcheng, Chuzhou,  
China**

**Tel: +86 550 3045078**

**Fax: +86 550 3046378**

# Report of the Auditors

ChuHengShenZi[2016]NO.81

All the shareholders of ANHUI RELIABLE STEEL TECHNOLOGY CO.,LTD:

We have audited the financial statements of ANHUI RELIABLE STEEL TECHNOLOGY CO.,LTD (hereinafter referred to as "the company"), including the balance sheet by December 31, 2015 and the profit statement, cash flow statement, statement of equity changes and notes to the financial statements of 2015.

## **I. Responsibilities of management**

The directors of the company are responsible for the preparation and fair presentation of these financial statements. Such responsibilities include the following: (1) Prepare and fair present the financial statements in compliance with Accounting Standards for Business Enterprises and Accounting Systems for Business Enterprises; (2) Design, execute and maintenance of financial statements and related internal controls, so there is no material misstatement due to fraud or error.

## **II. Responsibilities of auditors**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with Chinese Certified Public Accountants Auditing Standards. Those standards require us to comply with the professional ethics and to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes the implementation of auditing procedures to obtain evidence relevant to the amounts and disclosures in the financial statements. The auditing procedures selected depend on the auditor's professional judgment, including the risk assessment on the material misstatement of the financial statements due to fraud or error. Following a risk assessment, we are considering the internal controls related to the preparation and fair presentation of financial statements to design appropriate audit procedures. But the purpose is not to express our views on the effectiveness of internal controls. An audit also includes assessing the reasonableness of the accounting policies and accounting estimates selected by the management, as well as evaluating the overall financial statement presentation.

We believe that our audit obtained sufficient and adequate evidence to provide the basis for our opinion.

### III. Audit opinion

In our opinion, the company's financial statements presented fairly, in all material respects, the financial position of the company by December 31, 2015 and the results of its operations and its cash flows of 2015, in conformity with Accounting Standards for Business Enterprises and Accounting Systems for Business Enterprises.

Chuzhou Heng Li Xin Certified Public Accountants Office

Chuzhou · China



Certified Public Accountant:

Certified Public Accountant:

April 1, 2016



## Balance Sheet

Name of enterprise: ANHUI RELIABLE STEEL TECHNOLOGY CO.LTD

Unit: RMB Yuan

ASSETS	NO.	Beginning balance	Ending balance	Liabilities and owners' equity	NO.	Beginning balance	Ending balance
<b>Current assets:</b>	<b>1</b>			<b>Current liability:</b>	<b>36</b>		
Cash	2	1,588,113.73	2,445,444.97	Short-term borrowings	37	32,850,150.00	36,288,792.00
Transaction financial assets	3			Transaction financial liabilities	38		
Notes receivable	4	50,000.00	200,000.00	Notes payable	39		
Accounts receivable	5	7,605,273.29	15,223,797.83	Accounts payable	40	10,838,678.22	6,342,151.38
Prepayments	6	2,230,578.38	821,984.84	Advance receipts	41	15,158.00	165,976.73
Interest accrued	7			Employee pay payable	42	1,799,736.61	1,475,458.52
Dividend receivable	8			Taxes payable	43	157,773.84	175,670.15
Other receivables	9	475,466.46	70,783.00	Accrued Interest Payable	44	757,848.24	157,409.74
Inventories	10	25,020,101.74	12,013,868.51	Dividends payable	45		
Current portion of non-current assets	11			Other payables	46	758,348.20	235,308.24
Other current assets	12			Non-current liabilities due within one year	47		
<b>Total current assets</b>	<b>13</b>	<b>36,169,535.60</b>	<b>30,775,879.15</b>	Other current liabilities	48		
<b>Non-current assets:</b>	<b>14</b>			<b>Total current liabilities</b>	<b>49</b>	<b>47,147,693.11</b>	<b>44,640,426.76</b>
Financial assets available for sale	15			Non-current liabilities:	50		
Held-to-maturity investments	16			Long-term loans	51		
Long-term account receivable	17			Bonds payable	52		
Long-term equity investments	18			Deferred income	53		
Investment properties	19			Special payable	54		
Fixed assets	20	28,920,390.84	30,457,373.83	Accrued liabilities-Deferred income tax liabilities	55		
Minus: accumulated depreciation	21	6,425,003.08	8,383,672.05	Other non-current liabilities	56		
<b>Net value of fixed assets</b>	<b>22</b>	<b>22,495,387.76</b>	<b>21,973,701.78</b>	<b>Total non-current liabilities</b>	<b>58</b>		
Construction in progress	23			<b>Total liabilities</b>	<b>59</b>	<b>47,147,693.11</b>	<b>44,640,426.76</b>
Construction materials	24			Owners' equity:	60		
Liquidation of fixed assets	25			Paid-up capital	61	15,129,621.98	15,129,621.98
Productive biological assets	26			Capital reserves	62		
Oil And Gas Assets	27			Special reserves	63		
Intangible assets	28	2,201,040.00	2,152,128.00	Minus: treasury stock	64		
Development expenditure	29			Surplus reserves	65		
Goodwill	30			Undistributed profits	66	-1,018,990.86	-4,739,974.73
Long-term deferred expenses	31	192,160.87	128,365.08	<b>Total owners' equity</b>	<b>67</b>	<b>14,110,631.12</b>	<b>10,389,647.25</b>
Deferred income tax assets	32				68		
Other non-current assets	33				69		
<b>Total non-current assets</b>	<b>34</b>	<b>24,888,788.63</b>	<b>24,254,194.86</b>	<b>Total liabilities and owners' equity</b>	<b>70</b>	<b>61,258,324.23</b>	<b>55,030,074.01</b>
<b>Total assets</b>	<b>35</b>	<b>61,258,324.23</b>	<b>55,030,074.01</b>				

(The accompanying notes constitute an integral part of these financial statements)

Legal Representative:

General Manager Of Accounting :

Chief Financial Officer:

# Income Statement

Name of enterprise: ANHUI RELIABLE STEEL TECHNOLOGY

Unit: RMB Yuan

CO.LTD

Item	NO.	Last Year	This Year
<b>I. Revenue</b>	<b>1</b>	89,742,969.02	84,839,876.30
Minus: Operating costs	2	80,587,591.01	77,678,199.92
Business taxes and surcharges	3	6,208.54	225,741.33
Selling expenses	4	2,662,418.73	3,093,354.27
General and administrative expenses	5	4,020,998.46	5,215,575.85
Financial expenses	6	2,763,148.51	2,449,505.75
Asset impairment losses	7		
Plus: Changes of fair value of assets	8		
Investment income	9		
Include: Income from associates	10		
<b>II. Operating profit</b>	<b>11</b>	<b>-297,396.23</b>	<b>-3,822,500.82</b>
Plus: Non-operating income	12	1,180,585.36	373,279.36
Minus: Non-operating expense	13	132,563.05	271,762.41
Include: Losses on disposal of non-current assets	14		
<b>III. Total profits</b>	<b>15</b>	<b>750,626.08</b>	<b>-3,720,983.87</b>
Minus: Income tax expenses	16		
<b>IV. Net profit</b>	<b>17</b>	<b>750,626.08</b>	<b>-3,720,983.87</b>
<b>V. Earnings per share</b>	<b>18</b>		
(1) Basic EPS	19		
(2) Diluted EPS	20		

(The accompanying notes constitute an integral part of these financial statements)

Legal Representative:

General Manager Of Accounting:

Chief Financial Officer:

# Statement of Cash Flows

Name of enterprise: ANHUI RELIABLE STEEL TECHNOLOGY CO.LTD

Unit: RMB Yuan

Item	NO.	Last Year	This Year
<b>I. Cash flow from operations</b>	<b>1</b>		
Cash received from sales of goods or rendering services	2	93,366,323.62	79,345,927.20
Refunds of taxes	3	4,671,501.53	995,613.68
Cash received relating to other operating activities	4	801,986.39	294,533.05
<b>Sub-total of cash inflows from operating activities</b>	<b>5</b>	<b>98,839,811.54</b>	<b>80,636,073.93</b>
Cash paid for goods or receiving services	6	82,164,399.30	57,590,692.59
Cash paid to and on behalf of employees	7	9,469,324.99	12,820,165.28
Tax payments	8	522,613.52	2,580,383.51
Cash paid relating to other operating activities	9	2,649,753.77	3,313,709.71
<b>Sub-total of cash outflows from operating activities</b>	<b>10</b>	<b>94,811,091.58</b>	<b>76,304,951.09</b>
<b>Net cash flow from operating activities</b>	<b>11</b>	<b>4,028,719.96</b>	<b>4,331,122.84</b>
<b>II. Cash flows from investment activities:</b>	<b>12</b>		
Cash received from disposal of investments	13		
Cash received from investments income	14		
Net cash received from disposal of fixed assets intangible assets and other long-term assets	15	20,000.00	100,860.60
Cash received relating to other investing activities	16		
<b>Sub-total of cash inflows from investing activities</b>	<b>17</b>	<b>20,000.00</b>	<b>100,860.60</b>
Cash paid to acquire fixed assets intangible assets and other long-term assets	18	3,060,445.85	3,127,523.56
Cash paid to acquire investments	19		
Cash payments relating to other investing activities	20		
<b>Sub-total of cash outflows from investing activities</b>	<b>21</b>	<b>3,060,445.85</b>	<b>3,127,523.56</b>
<b>Net cash flow from investing activities</b>	<b>22</b>	<b>-3,040,445.85</b>	<b>-3,026,662.96</b>
<b>III. Cash flows from financing activities:</b>	<b>23</b>		
Cash from absorption of investments	24		
Receipts from loan	25	21,387,732.00	25,430,000.00
Cash received relating to other financing activities	26		
<b>Sub-total of cash inflows from financing activities</b>	<b>27</b>	<b>21,387,732.00</b>	<b>25,430,000.00</b>
Repayments of financial institution borrowings	28	21,501,272.00	22,368,610.00
Dividends paid, profit distributed or interest paid	29	2,702,426.77	3,508,520.64
Cash payments relating to other financing activities	30		
<b>Sub-total of cash outflows from financing activities</b>	<b>31</b>	<b>23,803,698.77</b>	<b>25,877,130.64</b>
<b>Net cash flow from financing activities</b>	<b>32</b>	<b>-2,415,966.77</b>	<b>-447,130.64</b>
<b>IV. Effect of foreign currency translation</b>	<b>33</b>		
<b>V. Net increase in cash and cash equivalents</b>	<b>34</b>	<b>-1,427,692.66</b>	<b>857,329.24</b>
Plus: Opening balance of cash and cash equivalents	35	3,015,808.39	1,588,115.73
<b>VI. Ending balance of cash and cash equivalents</b>	<b>36</b>	<b>1,588,115.73</b>	<b>2,445,444.97</b>

(The accompanying notes constitute an integral part of these financial statements)

Legal Representative:      General Manager Of Accounting:      Chief Financial Officer:

## Statement of Equity Changes

Unit: RMB Yuan

Name of enterprise: ANHU RELIABLE STEEL TECHNOLOGY CO.LTD	Item	NO.	2014-12-31					2015-12-31					
			paid-up capital	Capital Reserve	Less: Treasury share	Surplus Reserve	Undistributed Profits	Total Owner's Equity	paid-up capital	Capital Reserve	Less: Treasury share	Surplus Reserve	Undistributed Profits
I. Balance at end of last year		1	33,024,000				1,448,000.00	11,941,400.00		13,107,200.00		283,364.80	14,668,224.80
Plus: Changes in accounting policies		2											
Correction of prior period errors		3					-283,364.80	-283,364.80				283,364.80	283,364.80
II. Operating balance of this year		4	83,076,513.00				-1,711,967.40	12,228,670.00		13,174,315.60		-1,011,660.00	14,172,655.60
III. Issuances and Distributions of This Year		5					796,252.00	796,252.00				1,179,961.87	1,179,961.87
(I) Net profits		6					796,252.00	796,252.00				1,179,961.87	1,179,961.87
(II) Gains and losses directly recorded into the owner's equity		7											
1. Net change in fair value of financial assets available for sale		8											
2. Effect of change of other owner's equities of financial instruments according to equity method		9											
3. Effect on the income taxes related to items recorded into the owner's equities		10											
4. Others		11											
Subtotal of (I) and (II)		12											
III. Capital increase and reduction by the owners		13											
1. Owner's capital increase		14											
2. Amount of share-based payments recorded into the owner's equities		15											
3. Others		16											
IV. Profits distribution		17											
1. Withdrawal surplus payment		18											
2. Distribute to owners (or shareholders)		19											
3. Others		20											
V. Annual carry-forward of owners' equities		21											
1. Capitalized surplus (or stock) payment		22											
2. Capitalized surplus (or stock) payment		23											
3. Surplus reserves make-up losses		24											
4. Others		25											
VI. Ending balance of this year		26	14,172,655.60				1,448,000.00	14,145,255.60		15,117,211.20		1,179,961.87	16,442,428.67

Chief Financial Officer

General Manager Of Accounting

Local Representative

## ANHUI RELIABLE STEEL TECHNOLOGY CO.LTD NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR 2015

### **I. Company profile**

ANHUI RELIABLE STEEL TECHNOLOGY CO.LTD is a foreign-invested enterprise founded in April, 2008. The company is authorized by "CERTIFICATE OF APPROVAL FOR ESTABLISHMENT OF ENTERPRISES WITH FOREIGN INVESTMENT IN THE PEOPLE'S REPUBLIC OF CHINA"(WaiZiWanFuZi[2008]NO.71) granted by the government of Anhui province, and hold the business license (registered number: 341100400001625) issued by Chuzhou Industry & Commerce Administration Bureau. The company's investor is TECHNOCRAFT INDUSTRIES (INDIA) , and the registered capital is 2.25 million U.S. dollars.

Operating period: 49 years.

Business scope: Manufacture and sell drum seal and false work (operate according to the related certificates).

Company address: Quanjiao Comprehensive Economic Developing Zone, Anhui Province, China.

Legal representative: MISHRA DEEPAK

### **II. Explanations on the important accounting policies and accounting estimates**

#### **1. The accounting standards and system currently executed by the company**

The company's financial statements executes the "Accounting Standards for Business Enterprises", and promise to give a true and complete reflection of the financial condition, operating results and cash flow.

#### **2. The basis of financial statement**

Under the assumption of continuous operating, the company affirm and calculate the actual transactions according to the "Accounting Standard for Business Enterprises: Basic Standard" and

other items of accounting standard. These are the ground of the company's financial statements.

### 3. Fiscal period

There are two kinds of fiscal period: annual and interim. The fiscal annual starts from January 1 to December 31 of each calendar year, while the interim period include monthly, quarter and semi-annual.

### 4. Bookkeeping currency and foreign currency accounting

The company adopts RENMINBI(RMB) as currency used in bookkeeping.

As for the foreign currency transaction, the accounting method is to convert the foreign currency into RMB based on the spot rate of the transaction day. As for the conversion of monetary items on the balance sheet date, the spot rate on the balance sheet date is adopted. Exchange differences, which arising from the difference between the spot rate on the balance sheet date and the spot rate on the former balance sheet date or the first confirmation date, is the exchange gains and losses of foreign currency loans related to fixed assets purchase, and the accounting shall capitalization the borrowing costs. In addition, the costs shall be contained in the long-term deferred expenses if it incurred in the construction period, while it shall be contained in the finance costs if related to the company's operation.

### 5. Bookkeeping basis and pricing principle

The company adopts the accrual basis and the debit-credit bookkeeping as accounting principles. And assets are measured at their historical cost.

### 6. Recognition criteria of cash equivalents

Cash equivalents are short-term (mature within three months) and highly liquid investments, which can easily convert into knowable amounts of cash and subject to an insignificant risk of value change.

### 7. The checking and calculating of bad receivables

#### (1) Criteria for recognition of bad debts

① The debtor is bankrupt or dead while the accounts receivable is not recoverable by the debtor's bankrupt property or inheritance;

② There are significant signs that indicate the matured debts cannot be taken back.

Above receivables should be ratified by the board as bad debts.

(2) Method on bad debts calculation: The allowance method.

#### 8. Accounting method on inventory

##### (1) Classification of inventory

The inventories of the company include raw materials, packaging materials, low-value consumable items, finished products, unfinished products etc.

##### (2) Measurement of inventories' prices

The inventories obtaining are priced at the actual cost, while the inventories sending out are priced with the weighted average method. The low-value consumable items and packaging materials are amortized by immediate write-off method when consumed. The calculation of products' cost is under the species-classification method. The merchandise inventories are priced at the actual cost, while priced according to the weighted average method at the time of sending off.

##### (3) Recognition and measurement for inventory impairment provision

The final inventory is priced at the smaller amount between the cost and the net realizable value. The reserves for devaluation is calculated based on individual item of inventory, and then included in the current profit and loss.

#### 9. Valuation, depreciation policy and depreciation reserves for fixed asset

##### (1) Identifying fixed asset

① Fixed asset represents the kind of building, mechanical equipment, vehicle and other operational appliances that is capable to serve for more than one year;

② Or main appliance and article, irrelevant to production or operation, whose unit price is over 2,000 RMB and survive no less than two years.

(2) The recognition criteria and calculation method of fixed assets' valuation and depreciation reserves

The fixed assets are priced at the actual cost in the obtaining time. At the end of each year, the company checked the fixed assets items by items, and the depreciation reserve is equal to the recoverable amount minus the book value. The depreciation reserve for fixed asset, booked by individual, would be included in current profit and loss.

(3) Depreciation methods for fixed asset:

The depreciation of fixed assets is calculated with the straight-line method. Fixed assets' life spans are determined by their classification, while the residue rate is 10%. There are kinds of fixed assets with various depreciation life and yearly depreciation:

Category	Life Span (Year)	Residue Rate (%)
House and Building	20	5
Mechanical equipment	10	5
Office Equipment	3-5	5
Vehicle	4	5

10. Accounting method on construction-in-progress

Construction-in-progress is booked according to the actual expenditures, and shall be accounted as fixed asset when its workable condition is reached. Comprehensive evaluation on construction-in-progress would be taken at the end of each year. If evidences show that construction-in-progress is decrease in value, then the reduction should be recognized as depreciation reserves and included in the current profit and loss. Besides, the reserves for devaluation booked in an individual way.

11. Valuate and amortize intangible asset

(1) The intangible asset is priced at the actual cost when obtaining

(2) The intangible assets amortized evenly in the period prescribed by law. If no such legal requirement existed, the own-decided amortization year should be less than 10 years.

(3) Intangible assets' provision for impairment: At the end of each year, the company evaluates the economic capability of all the intangible assets. For assets whose expected recoverable amount below its book value, the devaluation should be reserved and included in the current profit and loss. Besides, the reserves for devaluation booked in an individual way.

12. Principle of revenue recognition

Revenue is recognized when products' ownership have transferred to the customer, and the company have got the rewards or the relevant rights. Specifically, revenue shall be recognized when all the following conditions have been satisfied:



(1) The significant risks and rewards related to the ownership of the goods have been transferred to the buyer;

(2) The Company retains no continuous right of management that associated with the ownership, nor the right of control over the sold goods;

(3) The Company could receive the economic benefits associated with the transaction;

(4) The amount of revenues and costs can be measured reliably.

Other revenues get recognized when the service is finished and the charge(credential for charge) is received.

#### 13. Governmental subsidy

For the governmental subsidy that related to profit, if it is used for compensate the afterward expense or loss, then subsidy would be included in profit and loss in the expense-accounting period; if the subsidy is used for compensate expense or loss in earlier stage, then subsidy would be included in current profit and loss.

For those governmental subsidy that related to property, it shall be recognized as deferred income and included in the current profit and loss directly.

#### 14. Tax

Categories of taxes and their rate are listed as follows:

(1) Added-value tax: the rate of output tax is 17%;

(2) Urban construction tax: 5% of the amount of circulation tax;

(3) Extra charges of education funds: 3% of the amount of circulation tax;

(4) Local extra charges of education funds: 2% of the amount of circulation tax;

(5) Income tax: adopt the tax payable accounting method.

**III. Significant changes of accounting policies and accounting estimates: Corrections of prior period errors.**

None.

#### **IV. Contingencies**

None.

**V. Notes of the financial statement:**

**1. Monetary assets**

Item	Opening Balance	Ending balance
Cash	132,665.22	7,996.79
Cash in bank	1,455,450.51	2,437,448.18
Total	1,588,115.73	2,445,444.97

**2. Notes receivable**

Debtors' names	Ending balance	Business content	Remark
Taichang Sifangyouxin Drum Co., Ltd.	200,000.00	Paid by banker's acceptance bill	Six months
Total	200,000.00		

**3. Account receivable**

**(1) Aging analysis**

Aging	Beginning of the year			End of the year		
	Amount	Proportion	Bad debt reserves	Amount	Proportion	Bad debt reserves
Within one year	7,005,273.29	100%		15,223,797.83	100%	
One to three years						
Total	7,005,273.29	100%		15,223,797.83	100%	

**(2) Principal debtors**

No.	Debtors' name	Ending balance	Reason	Aging
1	HIGHIMARK INTERNATIONAL TRADING	9,640,648.10	Payment for goods	Within one year
2	AIP	2,245,194.28	Payment for goods	Within one year
3	Ningbo Jilong Steel Co.,	616,500.00	Payment for goods	Within one year

ANHUI RELIABLE STEEL TECHNOLOGY CO. LTD  
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR 2015

	Ltd.			
4	Suzhou Jintai Drum Co., Ltd.	591,000.00	Payment for goods	Within one year
5	TECHNOCRAFT INTERNATIONAL LIMITED	363,089.85	Payment for goods	Within one year

4. Prepayment

(1) Aging and proportion analysis

Aging	Beginning of the year			End of the year		
	Amount	Proportion	Bad debt reserves	Amount	Proportion	Bad debt reserves
Within one year	1,844,871.16	82.71%		791,985.44	96.35%	
One to three years	80,113.62	3.59%		29,999.40	3.65%	
Above three years	305,593.60	13.70%				
Total	2,230,578.38	100%		821,984.84	100%	

(2) Principal debtors

No.	Debtors' name	Ending balance	Reason	Aging
1	Wuxi Yuanhaochen Materials Co., Ltd.	291,294.90	Advance payment	Within one year
2	Nanjing Renyi Trade Co., Ltd.	163,991.41	Advance payment	Within one year
3	Cangzhou Weisitai Scaffolding Co., Ltd.	88,487.25	Advance payment	Within one year
4	Zhangjiagang Ronghua Metal Products Co., Ltd.	72,500.00	Advance payment	Within one year

5. Other receivables

(1) Aging analysis

Aging	Beginning of the year			End of the year		
	Amount	Proportion	Bad debt reserves	Amount	Proportion	Bad debt reserves
Within one year	393,875.25	82.84%		8,783.00	12.41%	
One to three years	37,591.21	7.91%				
Above three years	44,000.00	9.25%		62,000.00	87.59%	
Total	475,466.46	100%		70,783.00	100%	

(2) Principal debtors

No.	Debtors' name	Ending balance	Reason	Aging
1	Quanjiao administration of power supply	60,000.00	Guarantee deposit	Above three years
2	Quanjiao State-owned Investment & Operation Co., Ltd	5,780.00	Rent	With in one year
3	Wang Zhong	30,000.00	Guarantee deposit	With in one year

6. Inventory

(1) Item

Category	Beginning of the year		End of the year	
	Amount	Proportion	Amount	Proportion
Raw materials	3,739,093.34	14.96%	3,291,880.65	27.40%
Revolving material	976,572.28	3.90%		
Unfinished products	6,144,667.66	24.56%	3,182,657.94	26.49%
Finished products	14,159,768.46	56.59%	5,539,349.92	46.11%
Total	25,020,101.74	100%	12,013,868.51	100%

(2) Capitalization of borrowing costs not exist in this period.

7. Fixed assets

(1) Original value and accumulated depreciation

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Item	Beginning balance	Increase for current period	Decrease for current period	Ending balance
① Original value:	28,920,590.84	1,681,478.37	144,695.38	30,457,373.83
(a) House and Building	16,620,933.78	338,930.10		16,959,863.88
(b) Mechanical equipment	11,399,391.79	1,296,810.04	144,695.38	12,551,506.45
(c) Electronic equipment	256,114.00	229,17.72		279,031.72
(d) Transportation vehicles	581,166.12			581,166.12
(e) Furniture and instrument	62,985.15	22,820.51		85,805.66
② Accumulated depreciation:	6,423,003.08	2,101,052.66	42,383.69	8,483,672.05
(a) House and Building	2,878,470.40	790,913.28		3,669,383.68
(b) Mechanical equipment	3,091,035.17	1,160,620.74	42,383.69	4,209,272.22
(c) Electronic equipment	116,154.13	54,279.52		170,433.65
(d) Transportation vehicles	306,592.57	81,959.76		388,552.33
(e) Furniture and instrument	32,750.81	13,279.36		46,030.17
③ Net value of fixed assets	22,495,587.76	-419,574.29	102,311.69	21,973,701.78

(2) The ownership of the house buildings, on the company's usable land, have been mortgaged to the Quanjiao Sub-branch of Industrial and Commercial Bank of China for loans.

(3) In this period, none of the fixed assets were in idle mode or held for sale, neither did them belong to finance rent or operating lease.

#### 8. Intangible assets

##### (1) Original value and accumulated amortization

Item	Beginning balance	Increase for current period	Decrease for current period	Ending balance
① Original value of intangible assets	2,445,600.00			2,445,600.00
Land usage right	2,445,600.00			2,445,600.00
② Accumulated amortization	244,560.00	48,912.00		293,472.00
Land usage right	244,560.00	48,912.00		293,472.00
③ Net value of intangible assets	2,201,040.00	48,912.00		2,152,128.00

(2) The company's have the right of land-use on 32415.06 square meter, and this item's amortization period is 50 years.

(3) The ownership of the company's usable land have been mortgaged to the Quanjiao Sub-branch of Industrial and Commercial Bank of China for loans.

#### 9. Long-term deferred expenses

Item	Beginning balance	Increase for current period	Amortization in current period	Ending balance
Mold expense	192,160.87	76,961.50	140,757.29	128,365.08
Total	192,160.87	76,961.50	140,757.29	128,365.08

#### 10. Short-term borrowing

Lenders	Ending balance	Loan period	Rate of interest	Expired or not
TECHNOCRAFT INDUSTRIES (INDIA)	6,298,792.00	Two Years		Not expired
Quanjiao Sub-branch of	13,000,000.00	One year		Not expired

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Industrial and Commercial Bank of China				
Shanghai Sub-branch of Citibank	15,990,000.00	One year		Not expired
Total	36,288,792.00			

Note: The ending balance of the loan from TECHNOCRAFT INDUSTRIES (INDIA) is 970,000.00 US dollars.

11. Account payable

(1) Aging analysis

Aging	Beginning of the year		End of the year	
	Amount	Proportion	Amount	Proportion
Within one year	10,744,240.22	99.13%	6,030,596.28	98.18%
One to three years			17,117.10	0.28%
Above three years	94,438.00	0.87%	94,438.00	1.54%
Total	10,838,678.22	100%	6,142,151.38	100%

(2) Principal Creditors

No.	Creditors' name	Ending balance	Reason	Aging
1	TECHNOCRAFT INDUSTRIES (INDIA)	1,168,847.75	Payment for goods	With in one year
2	Assess on materials expenses	1,466,967.41	Payment for goods	With in one year
3	Yizheng Baofijin Metal Products Technology Co., Ltd	774,387.58	Payment for goods	With in one year
4	Nanjing Fufeng Metal Foundry Co., Ltd	461,182.80	Payment for goods	With in one year
5	Nanjing Kasen Logistics Co., Ltd	179,450.00	Payment for goods	With in one year
6	Nanjing Meizheng Material Trading Co., Ltd	177,381.57	Payment for goods	With in one year

12. Advances from customers

(1) Aging analysis

Aging	Beginning of the year		End of the year	
	Amount	Proportion		Amount
Within one year	15, 158. 00	100%	165, 576. 73	100%
One to three years				
Total	15, 158. 00	100%	165, 576. 73	100%

(2) Principal Creditors

No.	Creditors' name	Ending balance	Reason	Aging
1	Australia	154, 935. 13	Payment for goods	With in One year

13. Employee pay payable

Item	Beginning balance	Increase for current period	Decrease in current period	Ending balance
Wages payable	1, 761, 535. 40	10, 352, 152. 28	10, 577, 581. 88	1, 536, 105. 80
Labor insurance	38, 201. 21	1, 177, 894. 71	1, 276, 743. 20	-60, 647. 28
Total	1, 799, 736. 61	11, 530, 046. 99	11, 854, 325. 08	1, 475, 458. 52

14. Taxes payable

No.	Tax item	Beginning balance	Ending balance
1	Value added tax (VAT) payable	19, 000. 24	16, 406. 36
2	Accrued income tax payable	322. 70	
3	Enterprise Income Tax payable	35, 624. 01	-4, 156. 47
4	Personal income tax payable		3, 568. 03
5	Building tax payable	33, 953. 40	33, 953. 40
6	Land use right tax payable	64, 830. 14	64, 830. 08
7	Urban construction tax payable	1, 080. 27	29, 851. 64
8	Extra charges of education funds payable	648. 16	17, 910. 98
9	Local extra charges of education funds payable	432. 11	11, 940. 66



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10	Stamp tax payable	1, 882. 81	1, 365. 47
	Total	157, 773. 84	175, 670. 15

15. The ending balance of interest payable, which belongs to the interest of borrowings from TECHNOCRAFT INDUSTRIES (INDIA) , is 157, 469. 74 RMB.

16. Other payables

(1) Aging analysis

Aging	Beginning of the year		End of the year	
	Amount	Proportion	Amount	Proportion
Within one year	728, 348. 20	100%	11, 284. 80	4. 80%
One to three years			224, 023. 44	95. 20%
Total	728, 348. 20	100%	235, 308. 24	100%

(2) Principal Creditors

No.	Creditors' name	Year end balance	Reason	Aging
1	PADIA KRIDAN HARESH	224, 023. 44	Borrowing	One to three years
2	China Mobile	3, 110. 00	Correspondence fee	Within one year
3	Plate deposit	4, 476. 00	Guarantee deposit	Within one year

17. Paid-up capital

Investors	Beginning of the year		Increase for current year	Decrease for current year	End of the year	
	Amount	Proportion			Amount	Proportion
TECHNOCRAFT INDUSTRIES (INDIA)	15, 129, 621. 98	100%			15, 129, 621. 98	100%
Total	15, 129, 621. 98	100%			15, 129, 621. 98	100%

(1) Original currency of the paid-up capital is 2.25 million US dollars, equivalent to 15,129,621.98 RMB.

(2) The paid-up capitals aboved have been verified by Chuzhou Heng Li Xin Certified Public

Accountants Office (ChuHengYanZi[2008]NO.164; ChuHengYanZi[2008]NO.224;  
ChuHengYanZi[2008]NO.255; ChuHengYanZi[2008]NO.272; ChuHengYanZi[2009]NO.034;  
ChuHengYanZi[2009]NO.095; ChuHengYanZi[2011]NO.028; ChuHengYanZi[2011]NO.139;  
ChuHengYanZi[2013]NO.001; ChuHengYanZi[2013]NO.014).

18. Undistributed profit

Item	Amount	Remark
① Undistributed profit at beginning of this period	-983,366.85	
Plus: net profit for the current year	-3,720,983.87	
prior year income adjustment	-35,624.01	
② Profit available for distribution	-4,739,974.73	
minus: withdrawal reserve fund		
withdrawal reserve for business expansion		
withdrawal reserve for bonus and welfare fund for staff and workers		
③ Undistributed profit at the end of this period	-4,739,974.73	

19. Operation revenues and costs

Item	Accrual amount in last year		Accrual amount in this year	
	Income	Cost	Income	Cost
<b>Main business</b>	88,303,210.89	80,501,669.93	83,116,832.82	77,443,134.34
Include: export product	73,779,368.71	67,159,934.69	68,815,424.16	67,208,088.91
Sale in domestic market	14,523,842.18	13,341,735.24	14,301,408.66	10,235,045.43
<b>Other business</b>	1,439,758.13	85,921.08	1,723,043.48	235,065.58
Include: raw material	85,518.72	85,921.08	230,862.82	235,065.58

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Scraps	1, 354, 239. 41		1, 492, 180. 66	
<b>Total</b>	89, 742, 969. 02	80, 587, 591. 01	84, 839, 876. 30	77, 678, 199. 92

Last year the changeover withholdings on VAT of export product in Operating costs, which is tax refund forbidden, is 5,095,093.58 RMB. The amount in this year is 6,822,879.74 RMB.

20. Tax and extra charges of main business

No.	Item	Accrual amount in last year	Accrual amount in this year
1	Urban construction tax	3, 104. 27	112, 870. 66
2	Extra charges of education funds	1, 862. 56	67, 722. 40
3	Local extra charges of education funds	1, 241. 71	45, 148. 27
	<b>Total</b>	6, 208. 54	225, 741. 33

21. Selling expenses in last year is 2, 662, 418. 73 RMB, while the amount in this year is 3, 093, 354. 27 RMB in total.

No.	Item	Accrual amount in last year	Accrual amount in this year
1	Wage	144, 998. 44	218, 380. 08
2	Transportation expenses	2, 355, 287. 27	2, 464, 462. 71
3	Quality indemnity		376, 556. 48
4	Travel expense	36, 844. 40	11, 377. 00

22. Administration expenses in last year is 4, 020, 998. 46 RMB, while the amount in this year is 5, 215, 575. 85 RMB in total.

No.	Item	Accrual amount in last year	Accrual amount in this year
1	Wage & welfare	2, 358, 285. 28	3, 262, 157. 72
2	Labor insurance	74, 174. 16	110, 584. 54
3	Entertainment expense	177, 869. 54	109, 161. 58
4	Travel expense	176, 226. 78	288, 205. 27
5	Office expenses	64, 454. 76	111, 281. 16
6	Communication expense	122, 512. 96	139, 931. 08
7	Tax	388, 691. 65	415, 889. 48

ANHUI RELIABLE STEEL TECHNOLOGY CO.LTD  
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8	Depreciation cost	88,005.05	203,964.37
9	Amortization of intangible assets	48,912.00	48,912.00
10	Vehicle expense	123,405.11	154,242.20

23. Financial expense

No.	Item	Accrual amount in last year	Accrual amount in this year
1	Interest income	-6,116.39	-5,739.09
2	Interest expense	2,782,547.20	2,908,142.14
3	Commission charge	129,467.54	37,733.54
4	Profit or loss on exchange	-142,749.84	-490,630.84
	Total	2,763,148.51	2,449,505.75

24. Non-operating income & non-operating expenditure

	Item	Accrual amount in last year	Accrual amount in this year
①	Non-operating income		
(a)	Governmental subsidy	58,370.00	211,600.00
(b)	Penalty income	16,115.97	77,193.96
(c)	No pay accounts receivable and accounts payable	1,106,099.39	84,485.40
	Total	1,180,585.36	373,279.36
②	Non-operating expenditure		
(a)	Penalty outlay	4,350.00	265,000.00
(b)	Overdue fine	163.01	4,311.32
(c)	Indemnity	85,000.00	
(d)	Loss on disposal of fixed assets	18,961.48	1,451.09
(e)	Other expenditure	24,088.56	1,000.00
	Total	132,563.05	271,762.41

## VI. Cash Flows

### 1. Adjust net profit to operating cash flow in an indirect method:

Item	Last year	This year
<b>① Reconciliation of net profit/(loss) to cash flows from operating activities:</b>		
Net profit	750,626.08	-3,720,983.87
Minus: loss on unconfirmed investment		
Plus: Impairment provision for assets		
Depreciation of fixed assets, oil & gas asset depletion, depreciation of productive biological assets	1,802,502.38	2,101,052.66
Amortization of intangible assets	48,912.00	48,912.00
Amortization of long-term prepaid expenses	58,844.40	140,757.29
Decrease in deferred expenses (minus sign representing increase)		
Increase in accrued expenses (minus sign representing decrease)		
Loss on disposal of fixed assets, intangible assets and others (minus sign representing gains)	18,961.48	1,451.09
Losses on disposal of fixed assets (minus sign representing gains)		
Losses on the changes in fair value (minus sign representing gains)		
Financial expenses (minus sign representing gains)	2,815,034.20	2,908,142.14
Losses arising from investments (minus sign representing gains)		
Decrease of deferred income tax assets (minus sign representing increase)		
Increase of deferred income tax liabilities (minus sign representing decrease)		
Decrease in inventories (minus sign representing	-3,469,681.91	13,006,233.23

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increase)		
Decrease in operating receivables (minus sign representing increase)	12,841,580.87	-6,703,147.54
Increase in operating payables (minus sign representing decrease)	-11,111,081.07	-4,051,471.85
Others	273,021.53	600,177.69
Net cash flows from operating activities	4,028,719.96	4,331,122.84
<b>② Important investing and financing activities that irrelevant with cash receipts and payment</b>		
Conversion of debt into capital		
Reclassification of convertible bonds expiring within one year as current liability		
Financial leasing of fixed assets		
<b>③ Change on Cash and Cash Equivalents:</b>		
Closing balance of cash	1,588,115.73	2,445,444.97
Minus: Opening balance of cash	3,015,808.39	1,588,115.73
Add: Closing balance of cash equivalents		
Minus: Opening balance of cash equivalents		
Net increase of cash and cash equivalents	-1,427,692.66	857,329.24

**VII. Related party & related-party transaction**

1. Related party

Name of related company	Relationship
TECHNOCRAFT INDUSTRIES (INDIA)	Parent company

2. Related-party transaction

The transactions between related-party in 2015 are as follows:

(1) Purchase

Name	Last year	This year
TECHNOCRAFT INDUSTRIES (INDIA)	5,173,176.68	2,518,359.30
Total	5,173,176.68	2,518,359.30

(2) Sales

Name	Last year	This year
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TECHNOCRAFT INDUSTRIES (INDIA)	510,940.52	848,099.29
Total	510,940.52	848,099.29

(3) Contacts

Item	Beginning balance	Ending balance
① Accounts receivable		
TECHNOCRAFT INDUSTRIES (INDIA)		6,493.60
② Short-term borrowing		
TECHNOCRAFT INDUSTRIES (INDIA)	8,994,930.00	6,298,792.00
③ Accounts payable		
TECHNOCRAFT INDUSTRIES (INDIA)	1,267,536.46	1,168,847.75
④ Interest payable		
TECHNOCRAFT INDUSTRIES (INDIA)	757,848.24	157,469.74

**VIII. Commitment**

None.

**IX. Contingencies**

None.

**X. Subsequent events**

None.

**XI. Additional statement**

In this period, no provision for bad-debt, inventory falling price, fixed assets depreciation or long-term equity investment depreciation.

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	<b>TOTAL</b>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4110 · Project Revenue	1,281,230
4310 · On-Site Revenue	4,213,036
4510 · Perm Placement Revenue	140,555
4710 · Reimb Revenue	5,688
<b>Total Income</b>	<b>5,640,509</b>
<b>Cost of Goods Sold</b>	
5010 · Labor-Direct	2,559,025
5030 · Labor-PTO & Misc Unbilled	23,310
5110 · P/R Taxes-FICA	183,882
5120 · P/R Taxes-Unemployment	25,987
5210 · Insurance-Health & Life	87,336
5220 · Insurance-LTD & STD	4,112
5270 · 401K Employer Contribution	157
5320 · Meals/Entertainment Expense	1,810
5410 · Visa Expenses	105,392
5460 · Travel - Indirect	499,372
5630 · Software Maintenance	3,918
5670 · Depreciation	1,985
5680 · Sales Commissions	226,295
5685 · AM Incentive	4,807
5810 · Technosoft Outsource	997,556
<b>Total COGS</b>	<b>4,724,944</b>
<b>Gross Profit</b>	<b>915,565</b>
<b>Expense</b>	
<b>6000 · Sales Expenses</b>	
6010 · Salaries	161,880
6110 · P/R Taxes-FICA	14,648
6120 · P/R Taxes-Unemployment	2,503
6210 · Insurance-Health & Life	14,680
6220 · Insurance-LTD & STD	797
6240 · Dental/Eye Expense	300
6270 · 401K Employer Contribution	1,406
6310 · Travel	49,872
6320 · Meals & Entertainment	9,684
6510 · Letterhead/Business Cards	211
6550 · Convention/Trade Shows	99
6560 · Conventions/Shows Meals&Enter	462
6710 · Sales Cloud Software Expense	18,180
6801 · Sales and Recruitment Support	96,446
6910 · Miscellaneous	4,648



	<b>TOTAL</b>
Total 6000 · Sales Expenses	375,816
7000 · Recruiting Exp	
7510 · Recruiting & Employment Costs	42,480
Total 7000 · Recruiting Exp	42,480
8000 · Admin Exp	
8010 · Salaries	50,298
8110 · P/R Taxes-FICA	3,802
8120 · P/R Taxes-Unemployment	926
8210 · Insurance-Health & Life	6,980
8220 · Insurance-LTD & STD	198
8240 · Dental/Eye Expense	434
8270 · 401K Employer Contribution	271
8310 · Travel	32,525
8320 · Meals & Entertainment	135
8410 · 401K Admin Charges	1,200
8420 · Payroll Processing Charges	6,471
8440 · Employee Specialty Expense	282
8450 · Dues & Subscriptions	1,034
8470 · Meeting Expense	155
8510 · Professional Fees	31,022
8520 · State Filing fees	116
8530 · Bank Charges	5,489
8550 · Personal Property Tax Expense	252
8610 · Office Supplies	2,531
8620 · Leases-Office Equipment	2,213
8630 · Maintenance-Off. Equip- S/W	1,037
8640 · Postage	3,270
8660 · IT Infrastructure	6,920
8670 · Depreciation	2,681
8710 · Building Rent-Milwaukee	44,357
8750 · Telephone-Basic	13,219
8755 · Telephone-Cellular	8,908
8760 · Internet Charges	4,890
8770 · Insurance	
8772 · Property & Liability	22,264
8774 · Insurance-Workers' Comp	194
8776 · E & O Insurance	13,193
Total 8770 · Insurance	35,651
8800 · Bad Debts	8,840
Total 8000 · Admin Exp	276,107
8900 · Management Expenses	

	<b>TOTAL</b>
8910 · Consulting Contracts	19,500
8900 · Management Expenses - Other	130,000
Total 8900 · Management Expenses	<u>149,500</u>
Total Expense	<u>843,903</u>
Net Ordinary Income	71,662
Other Income/Expense	
Other Income	
9250 · Interest Income	8,850
Total Other Income	<u>8,850</u>
Other Expense	
9010 · Interest Expense	7,160
Total Other Expense	<u>7,160</u>
Net Other Income	<u>1,690</u>
Net Income	<u><u>73,352</u></u>

	<u>Dec 31, 15</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
1000 · Cash	120,940
Total Checking/Savings	<u>120,940</u>
Accounts Receivable	
1210 · Accounts Receivable-Trade	867,830
Total Accounts Receivable	<u>867,830</u>
Other Current Assets	
1110 · Undeposited Funds	0
1400 · Other Receivables	228,150
1500 · Prepaid Exp	39,309
Total Other Current Assets	<u>267,459</u>
<b>Total Current Assets</b>	<b>1,256,229</b>
<b>Fixed Assets</b>	
1800 · Fixed Assets	371,329
1900 · Accum. Depr.	-358,515
Total Fixed Assets	<u>12,814</u>
<b>Other Assets</b>	
1995 · Industrial & Constr Supplies, LLC	63,771
Total Other Assets	<u>63,771</u>
<b>TOTAL ASSETS</b>	<b><u>1,332,814</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
2010 · Accounts Payable-Trade	171,790
Total Accounts Payable	<u>171,790</u>
Other Current Liabilities	
2200 · Accrued Expenses	-24,466
2300 · Accrued Payroll	225,212
2410 · Line of Credit	398,000
2610 · Deferred Revenue	9,824
Total Other Current Liabilities	<u>608,570</u>
Total Current Liabilities	<u>780,360</u>
<b>Total Liabilities</b>	<b>780,360</b>
<b>Equity</b>	
3010 · Capital Stock	130,000
3020 · Treasury Stock	-420,705
3510 · Retained Earnings	769,809
Net Income	73,352
Total Equity	<u>552,456</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>1,332,816</u></b>

**Swift Engineering Inc.**  
**Profit & Loss**  
**April 2015 through March 2016**

	<b>Apr '15 - Mar 16</b>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4100 · Drafting Revenue	936,475.70
4200 · Engineering Revenue	1,840,963.31
4300 · Rental revenue - #900	196,965.15
4900 · Reimbursed Expenses - Income	419,530.77
<b>Total Income</b>	3,393,934.93
<b>Cost of Goods Sold</b>	
5000 · Project Related Costs	570,535.19
<b>Total COGS</b>	570,535.19
<b>Gross Profit</b>	2,823,399.74
<b>Expense</b>	
Reconciliation Discrepancies	-0.01
6110 · Amortization on tangible assets	20,607.50
6112 · Bad Debt Expense	5,104.56
6115 · Bank Charges & Interest	9,087.54
6120 · Business License & Fees	10,911.14
6130 · Car/Truck Expense	2,951.38
6140 · Computer Expense	134,127.79
6145 · Charitable Donations	119.98
6155 · Dues and Subscriptions	21,967.13
6180 · Insurance	138,578.25
6200 · Registrations	4,974.50
6238 · Promotional & Marketing	34,825.07
6250 · Office Equipment	3,269.65
6253 · Payroll Expenses	1,947,963.29
6255 · Postage and Couriers	1,321.50
6265 · Printing and Reproduction	9,643.79
6270 · Professional Development	2,496.21
6275 · Professional Fees	19,836.53
6280 · Management Fees - US	157,735.30
6282 · Expense Reimbursements - US	417.43
6295 · Rent	520,178.96
6296 · Rental Expenses - #900	70.00
6300 · Repairs	437.78
6310 · Office Supplies	6,837.21
6320 · Telephone and Fax	14,663.91
6325 · Internet	4,210.15
6327 · Bala's Calgary Expenses	140,847.00
6330 · Travel - NON reimbursable	14,165.19
6350 · Travel - Reimbursable	32,795.12
6400 · Training/Lunch & Learn	93.00
9950 · Income Taxes - Current	-99,598.00
<b>Total Expense</b>	3,160,638.85
<b>Net Ordinary Income</b>	-337,239.11
<b>Other Income/Expense</b>	
<b>Other Income</b>	
7100 · Interest Income	209.12
<b>Total Other Income</b>	209.12
<b>Other Expense</b>	
7600 · Employee Expenses	166.53
7700 · Exchange Gain or Loss	7,562.88
<b>Total Other Expense</b>	7,729.41
<b>Net Other Income</b>	-7,520.29
<b>Net Income</b>	-344,759.40

**Swift Engineering Inc.**  
**Balance Sheet**  
As of March 31, 2016

	<b>Mar 31, 16</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Chequing/Savings</b>	
1001 · CIBC CHEQUING	-729.11
1151 · CIBC USD ACCOUNT	150.90
<b>Total Chequing/Savings</b>	-578.21
<b>Accounts Receivable</b>	
1200 · Accounts Receivable	727,405.28
<b>Total Accounts Receivable</b>	727,405.28
<b>Other Current Assets</b>	
1350 · Prepaid Expenses	63,532.23
1400 · Employee Advances	400.00
<b>Total Other Current Assets</b>	63,932.23
<b>Total Current Assets</b>	790,759.30
<b>Fixed Assets</b>	
1600 · Computer Hardware	6,170.38
1700 · Computer Software	0.00
1800 · Office Furnishings & Equipment	9,106.54
1900 · Lease Hold Improvements	975.61
<b>Total Fixed Assets</b>	16,252.53
<b>Other Assets</b>	
1930 · John Corp - SH Loan Long Term	210,000.00
1935 · Peter Corp - SH Loan Long Term	210,000.00
1950 · Investment in Swift Projects US	1,044.50
<b>Total Other Assets</b>	421,044.50
<b>TOTAL ASSETS</b>	<b>1,228,056.33</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
2000 · Accounts Payable	100,710.82
20000 · Accounts Payable - USD	-47.99
<b>Total Accounts Payable</b>	100,662.83
<b>Credit Cards</b>	
2105 · American Express - Peter Poon	2,508.66
2107 · CIBC VISA - PETER	3,152.86
<b>Total Credit Cards</b>	5,661.52
<b>Other Current Liabilities</b>	
Accrued payroll	35,655.14
2201 · GST/HST Payable	-115.03
2250 · Security Deposit - #900	15,051.67
2600 · Fed Income Tax Pay - current	-110,758.00
2601 · Prov Income Tax Pay - current	-7,438.63
2660 · Loan from SH Peter Corp	90,000.00
2661 · Loan from SH John Corp	33,000.00
2662 · - Loan from Impact Engineering	192,136.20
2663 · Loan from CIBC - Software	39,722.16
<b>Total Other Current Liabilities</b>	287,253.51
<b>Total Current Liabilities</b>	393,577.86
<b>Total Liabilities</b>	393,577.86

**Swift Engineering Inc.**  
**Balance Sheet**  
As of March 31, 2016

	<u>Mar 31, 16</u>
Equity	
3005 · Share Capital	100.00
3900 · Retained Earnings	1,179,137.87
Net Income	-344,759.40
<b>Total Equity</b>	<u>834,478.47</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>1,228,056.33</b></u>

HIGHMARK INTERNATIONAL TRADING F.Z.E

FINANCIAL STATEMENTS

YEAR ENDED

31 MARCH 2016

Registered office:

SM-Office-F1-106C

Ajman Free Zone, United Arab Emirates

HIGHMARK INTERNATIONAL TRADING F.Z.E

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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STATEMENT OF CASH FLOWS	5
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HIGHMARK INTERNATIONAL TRADING F.Z.ESTATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

( IN U.A.E. DIRHAMS )

	<u>NOTES</u>	<u>31.03.2016</u>	<u>31.03.2015</u>
<u>NON-CURRENT ASSETS</u>			
Property, plant & equipment	3	<u>2,229,919</u>	=
Investment properties	4	<u>4,160,689</u>	<u>4,468,279</u>
<u>CURRENT ASSETS</u>			
Trade & other receivables	5	13,554,030	748,302
Cash & cash equivalents	6	408,560	176,928
		<u>13,962,590</u>	<u>925,230</u>
<u>LESS: CURRENT LIABILITIES</u>			
Trade & other payables	7	(10,372,364)	(802,981)
Due to a related party	8	(1,726,234)	(3,648,016)
		<u>(12,098,598)</u>	<u>(4,450,997)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>1,863,992</u>	<u>(3,525,767)</u>
		<u>8,254,600</u>	<u>942,512</u>
<u>REPRESENTED BY</u>			
Share capital	9	200,000	200,000
Retained earnings		7,142,118	742,512
Equity funds		7,342,118	942,512
Director's current account	10	912,482	--
		<u>8,254,600</u>	<u>942,512</u>

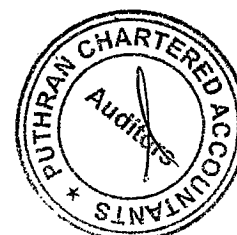
Annexed schedule of notes form an integral part of these financial statements.

The report of the independent auditor is set forth on page 1.

Approved by the directors on 24 July 2016.

FOR HIGHMARK INTERNATIONAL TRADING F.Z.E.

  
DIRECTORS



HIGHMARK INTERNATIONAL TRADING F.Z.ESTATEMENT OF COMPREHENSIVE INCOMEFOR THE YEAR ENDED 31 MARCH 2016( IN U.A.E. DIRHAMS )

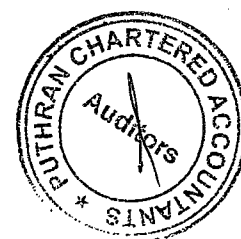
	<u>NOTES</u>	<u>31.03.2016</u> <u>(12 months)</u>	<u>31.03.2015</u> <u>(6 months)</u>
REVENUE		29,227,541	756,263
Less: Cost of sales	11	(29,076,250)	(749,691)
GROSS PROFIT		151,291	6,572
Other operating income	12	6,701,600	904,567
Depreciation of investment properties		(307,590)	(143,261)
Other operating expenses	13	(176,035)	(25,366)
PROFIT FROM OPERATING ACTIVITIES		6,369,266	742,512
Interest income		30,340	--
PROFIT FOR THE YEAR/PERIOD		6,399,606	742,512
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		6,399,606	742,512

Annexed schedule of notes form an integral part of these financial statements.  
The report of the independent auditor is set forth on page 1.

FOR HIGHMARK INTERNATIONAL TRADING F.Z.E



DIRECTORS



HIGHMARK INTERNATIONAL TRADING F.Z.ESTATEMENT OF CHANGES IN EQUITYFOR THE YEAR ENDED 31 MARCH 2016( IN U.A.E. DIRHAMS )

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Issue of share capital	200,000	--	200,000
Total comprehensive income for the period	--	742,512	742,512
As at 31.03.2015	200,000	742,512	942,512
Total comprehensive income for the year	--	6,399,606	6,399,606
As at 31.03.2016	200,000	7,142,118	7,342,118

Annexed schedule of notes form an integral part of these financial statements.  
The report of the independent auditor is set forth on page 1.

FOR HIGHMARK INTERNATIONAL TRADING F.Z.E

  
DIRECTORS



HIGHMARK INTERNATIONAL TRADING F.Z.ESTATEMENT OF CASH FLOWSFOR THE YEAR ENDED 31 MARCH 2016( IN U.A.E. DIRHAMS )

	<u>NOTES</u>	<u>31.03.2016</u> <u>(12 months)</u>	<u>31.03.2015</u> <u>(6 months)</u>
<b>Cash flows from operating activities</b>			
Profit for the year/period		6,399,606	742,512
Adjustments for :			
Depreciation of investment properties		307,590	143,261
Operating profit before changes in operating assets and liabilities:		6,707,196	885,773
(Increase) in trade & other receivables		(12,805,728)	(748,302)
Increase in trade & other payables		9,569,383	802,981
(Decrease)/increase in due to a related party		(1,921,782)	3,648,016
Cash generated from operations		1,549,069	4,588,468
Net cash from operating activities	(A)	1,549,069	4,588,468
<b>Cash flows from investing activities</b>			
(Payment) for capital work-in-progress		(2,229,919)	--
Purchase of investment properties		--	(4,611,540)
Net cash (used in) investing activities	(B)	(2,229,919)	(4,611,540)
<b>Cash flows from financing activities</b>			
Issue of share capital		--	200,000
Funds introduced by a director (net)		912,482	--
Net cash from financing activities	(C)	912,482	200,000
Net increase in cash & cash equivalents	(A+B+C)	231,632	176,928
Cash and cash equivalents at beginning of the year/period		176,928	--
Cash & cash equivalents at end of the year/period	6	408,560	176,928

Annexed schedule of notes form an integral part of these financial statements.  
The report of the independent auditor is set forth on page 1.

FOR HIGHMARK INTERNATIONAL TRADING F.Z.E

  
DIRECTORS



HIGHMARK INTERNATIONAL TRADING F.Z.ENOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 MARCH 2016( IN U.A.E. DIRHAMS )1.0 LEGAL STATUS AND BUSINESS ACTIVITIES1.1 LEGAL STATUS

- i) HIGHMARK INTERNATIONAL TRADING F.Z.E is a Free Zone Establishment, incorporated in the Ajman Free Zone, and regulated by the Free Zone Authority, in accordance to the Amiri Decree No. 3 of 1988 as amended by the Amiri Decree No.3 of 1996. The establishment is incorporated on 22 September 2014.
- ii) The Free Zone Establishment is owned by M/s. Technocraft International Limited, United Kingdom (represented by Mr. Ashish Kumar Saraf and Mr. Navneet Kumar Saraf)

1.2 BUSINESS ACTIVITIES

The establishment is engaged in general trading, import and export of textile, construction items, light engineering products, engineering design services etc.

2.0 PRINCIPAL ACCOUNTING POLICIES2.1 ACCOUNTING CONVENTION

These financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations, issued or adopted by the International Accounting Standards Board (IASB) and regulations of Ajman Free Zone authority.

2.2 PROPERTY, PLANT & EQUIPMENT

Capital work-in-progress (representing apartment under construction) is not depreciated. On completion of the relevant asset, the cost will be capitalised and depreciated from the date the asset came into use.

2.3 INVESTMENT PROPERTIES

Properties held for rental or capital appreciation purposes as well as those for undetermined future use are classified as investment properties.

Investment properties are stated on cost model and is depreciated using the straight line method over their useful lives as under:

Apartment	15 years
-----------	----------



HIGHMARK INTERNATIONAL TRADING F.Z.ENOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 MARCH 2016( IN U.A.E. DIRHAMS )2.4 TRADE RECEIVABLES

Trade receivables are carried at anticipated realisable value. Provision is made for specific debts considered doubtful of recovery by management and also for potential doubtful debts inherent in a debtors portfolio, based on the age profile of receivables. Bad debts are written off during the year in which they are identified.

2.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash on hand, bank balances in current accounts, bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

2.6 FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities. A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, a contractual right to exchange financial instruments under conditions that are potentially favourable or an equity instrument, excluding investments in subsidiaries, associates or joint ventures. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments under conditions that are potentially unfavourable.

2.7 REVENUE

Revenue represents the net amount invoiced for goods delivered during the year.

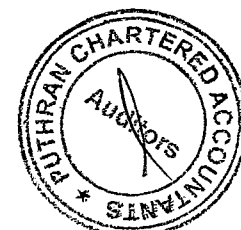
Sales are on trans-shipment basis, ie suppliers ships goods directly to the customers. Revenue is recognised when significant risk and rewards relating to the ownership of goods concerned are transferred to customers and is based on amount invoiced to customers for trans-shipments made during the year.

2.8 FOREIGN CURRENCY TRANSACTIONS

- i) Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transaction.
- ii) Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling as on the date of statement of financial position.
- iii) Gains & losses resulting from foreign currency transactions are taken to the statement of comprehensive income.

2.9 SIGNIFICANT JUDGMENT AND KEY ASSUMPTIONS

The significant judgments made in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are as follows:



HIGHMARK INTERNATIONAL TRADING F.Z.ENOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 MARCH 2016( IN U.A.E. DIRHAMS )i) Doubtful debts

Management regularly undertakes a review of the amounts of receivable owed to the firm either from customers or from related parties, and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates, extent of confirmations, and assessed creditworthiness of the debtor. Based on the assessment, assumptions are made as to the level of provisioning required.

ii) Impairment

As on each date of statement of financial position, management conducts an assessment of capital work-in-progress, investment properties and all financial assets to determine whether there are any indications that they may be impaired in the absence of such indications, no further action is taken, if such indications do exist, an analysis of each assets is undertaken to determine its net recoverable amount and, if this is below its carrying amount, the assets are written down to their recoverable amount.

Assessments of net recoverable amounts of capital work-in-progress, investment properties and all financial assets other than receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

3. PROPERTY, PLANT & EQUIPMENT

	<u>Capital work-in- progress</u>
<u>COST</u>	
Additions	2,229,919
As at 31.03.2016	2,229,919
<u>NET BOOK VALUE</u>	
As at 31.03.2016	2,229,919

Note :

Capital work-in-progress represents apartment under construction (The Address Residence Sky View), in DD Address SV T2 Building, Dubai, U.A.E. as on the date of statement of financial position. The apartment is in the name of one of the directors and is held in trust for and on behalf of the establishment.



HIGHMARK INTERNATIONAL TRADING F.Z.ENOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 MARCH 2016( IN U.A.E. DIRHAMS )4. INVESTMENT PROPERTIES

<u>COST</u>	<u>Apartment</u>
Additions	4,611,540
As at 31.03.2015	4,611,540
As at 31.03.2016	4,611,540
<u>ACCUMULATED DEPRECIATION</u>	
Depreciation for the period	143,261
As at 31.03.2015	143,261
Depreciation for the year	307,590
As at 31.03.2016	450,851
<u>NET BOOK VALUE</u>	
As at 31.03.2016	4,160,689
As at 31.03.2015	4,468,279

Note:

The apartment is located at the Residence II T1, Burj Khalifa Dubai, UAE. It is registered in the name of the directors and is held in trust for and on behalf of the establishment.

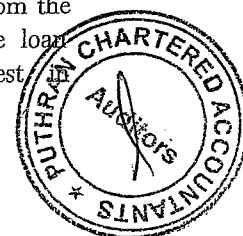
5. <u>TRADE &amp; OTHER RECEIVABLES</u>	<u>31.03.2016</u>	<u>31.03.2015</u>
Trade receivables	9,385,404	748,302
Prepayments	23,876	--
Short term loan*	3,152,305	--
Other receivables	992,445	--
	13,554,030	748,302

Notes:i) Trade receivable aging are as under

- Less than six months	9,385,404	748,302
------------------------	-----------	---------

ii) In the opinion of the management there are no impaired receivables and the establishment does not expect any losses from non-performance by overdue receivables.

iii) \* Short term loan is subject to an interest @ 3% p.a , which shall mature with in one year from the date of statement of financial position, with an option to extend the maturity date. The loan is paid in consideration for acquisition of 85% (8,500 units) membership interest M/s. AA International Trading, L.L.C. ,as agreed.





## HIGHMARK INTERNATIONAL TRADING F.Z.E

NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 MARCH 2016( IN U.A.E. DIRHAMS )

6.	<u>CASH &amp; CASH EQUIVALENTS</u>	<u>31.03.2016</u>	<u>31.03.2015</u>
	Bank balance in current accounts	408,560	176,928
		-----	-----
		408,560	176,928
		=====	=====
7.	<u>TRADE &amp; OTHER PAYABLES</u>	<u>31.03.2016</u>	<u>31.03.2015</u>
	Trade payables	9,337,416	744,333
	Accruals	10,000	6,500
	Rent received in advance	102,466	42,148
	Other payables	922,482	10,000
		-----	-----
		10,372,364	802,981
		=====	=====

8. RELATED PARTY

The establishment enters into transactions with companies that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in normal course of business and are at prices determined by the management.

Related parties comprise companies under common ownership or common management control, directors and owner.

As on the date of statement of financial position, balances with related parties were as follows:

	<u>31.03.2016</u>	<u>31.03.2015</u>
Disclosed as due to a related party	1,726,234	3,648,016
	=====	=====
Included in trade receivables	9,385,404	748,302
	=====	=====
Included in other receivables	954,980	--
	=====	=====
Short term loan (refer note 5 (iii))	3,152,305	--
	=====	=====
Included in trade payables	9,337,416	744,333
	=====	=====
Included in other payables	912,482	--
	=====	=====

The nature of significant related party transactions and the amount involved are as follows:

	<u>31.03.2016</u>	<u>31.03.2015</u>
	<u>(12 months)</u>	<u>(6 months)</u>
Sales	29,227,541	756,263
	=====	=====
Purchases	29,076,250	749,691
	=====	=====
Consultancy fee income	1,354,333	--
	=====	=====



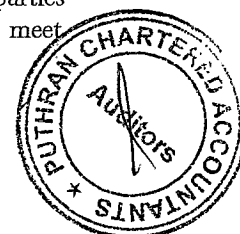
HIGHMARK INTERNATIONAL TRADING F.Z.ENOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 MARCH 2016( IN U.A.E. DIRHAMS )

Administrative and other related services are obtained from related parties, free of cost

The establishment also provides/receives interest free funds to/from related parties as and when required as working capital facilities.

9.	<u>SHARE CAPITAL</u>	<u>31.03.2016</u>	<u>31.03.2015</u>
	Authorised, issued and paid up 100 shares of AED 2,000 each	200,000	200,000
		=====	=====
10.	<u>DIRECTOR'S CURRENT ACCOUNT</u> <u>Mr. Ashish kumar Saraf</u>	<u>31.03.2016</u>	<u>31.03.2015</u>
	Funds introduced (net)	912,482	--
		-----	-----
		912,482	--
		=====	=====
11.	<u>COST OF SALES</u>	<u>31.03.2016</u>	<u>31.03.2015</u>
		<u>(12 months)</u>	<u>(6 months)</u>
	Purchases (including direct expenses)	29,076,250	749,691
		-----	-----
		29,076,250	749,691
		=====	=====
12.	<u>OTHER OPERATING INCOME</u>		
	Consultancy fee income*	6,515,451	826,715
	Rental income	186,149	77,852
		-----	-----
		6,701,600	904,567
		=====	=====
	* This represents income received during the year for market information and other services rendered in relation to the activity of the company.		
13.	<u>OTHER OPERATING EXPENSES</u>	<u>31.03.2016</u>	<u>31.03.2015</u>
		<u>(12 months)</u>	<u>(6 months)</u>
	Other expenses	176,035	25,366
		-----	-----
		176,035	25,366
		=====	=====
14.	<u>FINANCIAL INSTRUMENTS: RISK MANAGEMENT</u>		

The principal risks associated with financial instruments such as credit risk, market risk and liquidity risk are managed by placing cash and cash equivalents with various financial institutions of high credit rating, transacting business in AED, USD and Australian Dollar with counterparties of repute, and by monitoring on a regular basis that sufficient funds are available to meet maturing obligations.



HIGHMARK INTERNATIONAL TRADING F.Z.E  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016  
( IN U.A.E. DIRHAMS )

i) Capital risk

The establishment manages its capital to ensure that it will be able to continue as a going establishment while maximising the return to owner through optimisation of the debt and equity balance.

The capital structure of the establishment comprises of equity funds as presented in the statement of financial position together with director's current account. Debt comprises of total amounts payable to third parties net of cash and cash equivalents.

The establishment reviews the capital structure on a semi-annual basis, considers the cost of capital.

ii) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, an adequate amount of credit facilities and the ability to close out market positions. Due to dynamic nature of the underlying businesses, the company maintains flexibility in funding by maintaining adequate availability of cash and cash equivalents.

As on the date of statement of financial position, the company is not enjoying any credit facilities from banks or financial institutions.

iii) Credit risk

Financial assets which potentially expose the establishment to concentrations of credit risk comprise principally bank accounts and trade and other receivables.

The establishment's bank accounts are placed with high credit quality financial institutions.

Trade and other receivables are stated net of the allowance for doubtful receivables, if any.

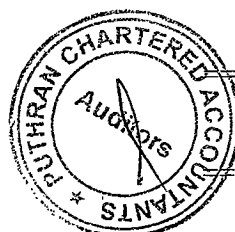
As on the date of statement of financial position, there are no significant concentration of trade receivables (excluding amount due from related parties which has been separately disclosed, refer note 8) (previous year also there were no significant concentration, except related parties).

As on the date of statement of financial position, 100% of other receivables was due from two parties (previous year AED Nil).

As on the date of statement of financial position, 100% of short term loan was due from one party (previous year AED Nil).

As on the date of statement of financial position, the establishment's maximum exposure to credit risk from trade and other receivables situated outside U.A.E. are as follows:

	<u>31.03.2016</u>	<u>31.03.2015</u>
<u>Trade receivables</u>		
In Australia	7,722,097	748,302
In India	1,663,307	--
	=====	=====
<u>Other receivables</u>		
In Australia	954,980	--
	=====	=====
<u>Short term loan</u>		
United States of America	3,152,305	--
	=====	=====



HIGHMARK INTERNATIONAL TRADING F.Z.ENOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 MARCH 2016

( IN U.A.E. DIRHAMS )

iv) Interest rate risk

Short term loan is subject to fixed rate of interest.

Reasonable increase/decrease in interest rate will not have any significant impact on profit or equity.

v) Exchange rate risk

There are no exchange rate risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed, except for the following amounts:

	<u>31.03.2016</u>	<u>31.03.2015</u>
	<u>AED</u>	<u>AED</u>
<u>In Pound sterling</u>		
Bank current account	--	45,971
	=====	=====
<u>In Australian Dollar</u>		
Bank current account	15,556	--
Trade receivables	7,722,097	748,302
Trade payables	9,337,416	744,333
	=====	=====

15. FINANCIAL INSTRUMENTS: FAIR VALUES

The fair value of a financial instrument is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair values of the establishment's financial assets and liabilities approximate to their carrying values.

16. CONTINGENT LIABILITIES

There were no contingent liabilities of a significant amount as on the date of statement of financial position.

17. CAPITAL COMMITMENTS

	<u>31.03.2016</u>	<u>31.03.2015</u>
Capital commitments contracted but not provided for	1,948,847	--
	=====	=====

18. COMPARATIVE FIGURES

Previous year's figures are for a period of 6 months and hence not comparable with those of current year.

FOR HIGHMARK INTERNATIONAL TRADING F.Z.E

  
DIRECTORS



**Swift Projects Inc**  
**Profit & Loss**  
**April 2015 through March 2016**

	Apr '15 - Mar 16
Ordinary Income/Expense	
Income	
Sales Income	
Management Services	265,000.00
Professional Fees Reimbursement	12,000.00
Travel Reimbursement	40,228.24
<b>Total Sales Income</b>	<b>317,228.24</b>
Technosoft WI Management Fee	3,859.78
Technosoft WI Staffing	16,140.22
<b>Total Income</b>	<b>337,228.24</b>
Gross Profit	337,228.24
Expense	
401(k) set up and admin costs	1,525.00
Bank Service Charges	322.00
Dues and Subscriptions	820.00
Meals and Entertainment	4,174.05
Payroll Expenses	
Empr Discretionary Contribution	6,786.50
Payroll - 401k contribution	26,166.66
Payroll Expenses - Wages	128,987.03
Payroll Tax - Employer FUTA	42.00
Payroll Tax - Employer Medicare	3,280.13
Payroll Tax - Employer SS	8,525.00
Payroll Taxes - Federal	33,896.27
Payroll Taxes - Local	2,730.00
Payroll Taxes - LST	56.00
Payroll Taxes - Medicare	3,045.00
Payroll Taxes - PA UC	147.00
Payroll Taxes - Social Security	8,525.00
Payroll Taxes - State	6,447.00
Technosoft WI Staffing Taxes	5,694.35
Technosoft WI Staffing Wages	10,445.87
<b>Total Payroll Expenses</b>	<b>244,773.81</b>
Professional Fees	
Accounting Fees	2,822.50
CliftonLarsenAllen	3,000.00
KFMR for Swift-Canada	9,000.00
<b>Total Professional Fees</b>	<b>14,822.50</b>
Rent Expense	19,500.00
Travel Expense	47,182.09
<b>Total Expense</b>	<b>333,119.45</b>
Net Ordinary Income	4,108.79
Net Income	<b>4,108.79</b>

**Swift Projects Inc**  
**Balance Sheet**  
As of March 31, 2016

	<b>Mar 31, 16</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
Cash	18,828.43
<b>Total Checking/Savings</b>	18,828.43
<b>Accounts Receivable</b>	
Accounts Receivable	2,590.15
<b>Total Accounts Receivable</b>	2,590.15
<b>Total Current Assets</b>	21,418.58
<b>TOTAL ASSETS</b>	<b>21,418.58</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
Earn Out Incentive Payable	15,000.00
EE Payroll Taxes Payable	5,482.89
ER Payroll Taxes Payable	1,338.75
Travel Expenses	7,200.67
<b>Total Accounts Payable</b>	29,022.31
<b>Total Current Liabilities</b>	29,022.31
<b>Total Liabilities</b>	29,022.31
<b>Equity</b>	
Capital Stock	1,000.00
Retained Earnings	-12,712.52
Net Income	4,108.79
<b>Total Equity</b>	-7,603.73
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>21,418.58</b>

# AAIT/ Technocraft Scaffold Distribution LLC

## Balance Sheet

As of December 31, 2015

	<u>Dec 31, 15</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
Bank of America - 6026	2,353.28
Bank of America - 1497	33,335.62
Bank of America - 1507	25,985.05
Bank of America - 1510	70,095.90
<b>Total Checking/Savings</b>	131,769.85
<b>Accounts Receivable</b>	
Accounts Receivable	1,000,320.63
<b>Total Accounts Receivable</b>	1,000,320.63
<b>Other Current Assets</b>	
1200 - INVENTARIO	1,658,493.21
Employee Advances	366.81
<b>Total Other Current Assets</b>	1,658,860.02
<b>Total Current Assets</b>	2,790,950.50
<b>Fixed Assets</b>	
Computer Equipment	8,578.60
Furniture and Equipment	11,949.39
Warehouse Equipment	59,478.35
Leasehold Improvements	19,548.06
Accumulated Depreciation	(44,879.48)
<b>Total Fixed Assets</b>	54,674.92
<b>Other Assets</b>	
Deposit - Rent	31,100.00
Utility Deposits	1,600.64
Accrued Int - Technocraft	3,185.81
Accrued Int - Castillo	611.16
Prepaid Int - Marlin Bus. Bk	5,076.10
Prepaid Int - Blue Ridge Fincl	2,814.88
Organization Costs	31,952.38
Accumulated Amortization	(6,201.00)
<b>Total Other Assets</b>	70,139.97
<b>TOTAL ASSETS</b>	<b>2,915,765.39</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
Accounts Payable	2,545,246.95
<b>Total Accounts Payable</b>	2,545,246.95
<b>Credit Cards</b>	
Bank of America 5083	37,076.71
CitiBusiness 3592	(12.48)
<b>Total Credit Cards</b>	37,064.23
<b>Other Current Liabilities</b>	
Payroll Liabilities	3,649.11
<b>Total Other Current Liabilities</b>	3,649.11
<b>Total Current Liabilities</b>	2,585,960.29

**AAIT/ Technocraft Scaffold Distribution LLC**  
**Balance Sheet**  
As of December 31, 2015

	<b>Dec 31, 15</b>
<b>Long Term Liabilities</b>	
Note Pay - Marlin Bus \$845.70	16,807.65
Note Pay - Blue Ridge \$877.08	7,393.17
Loan Payable - Technocraft	258,050.81
Loan Payable - Castillo	49,503.76
<b>Total Long Term Liabilities</b>	<b>331,755.39</b>
<b>Total Liabilities</b>	<b>2,917,715.68</b>
<b>Equity</b>	
Capital Stock	100.00
Retained Earnings	(61,762.47)
Net Income	59,712.18
<b>Total Equity</b>	<b>(1,950.29)</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>2,915,765.39</b>



**AAIT/ Technocraft Scaffold Distribution LLC**  
**Profit & Loss YTD Comparison**  
December 2015

	Jan - Dec 15
<b>Ordinary Income/Expense</b>	
Income	
4000 - SALES INCOME	2,867,543.27
Consulting Fees	1,372.90
Interest Income	23.10
Refunds	200.48
<b>Total Income</b>	<b>2,869,139.75</b>
<b>Cost of Goods Sold</b>	
Purchases	2,130,847.39
Freight & Shipping Expenses	127,323.79
Bond Expense	850.00
Tools and Small Equipment	42.51
<b>Total COGS</b>	<b>2,259,063.69</b>
<b>Gross Profit</b>	<b>610,076.06</b>
Expense	
Alarm	374.50
Advertising	8,556.32
Accounting	10,100.00
<b>Auto and Truck Expenses</b>	
Fuel - Claudia	122.74
Fuel - Bob	520.87
Fuel - Eduard	434.65
Fuel - Steven	2,979.23
Fuel - Charlie	1,016.37
Fuel - Ramesh	174.83
Fuel - John	354.64
Auto and Truck Expenses - Other	1,383.32
<b>Total Auto and Truck Expenses</b>	<b>6,986.65</b>
Bad Debt	184,575.44
Bank Service Charges	2,178.35
Casual Labor	1,275.00
Cleaning and Janitorial	371.38
Commissions	25,928.94
Computer Expenses	
Computer Expenses-Eduard	255.44
Computer Expenses - Other	1,485.00
<b>Total Computer Expenses</b>	<b>1,740.44</b>
Dues and Subscriptions	140.00
Equipment Rental	9,195.05
<b>Insurance Expense</b>	
GRANADA - Liability Insurance	23,535.25
Geico - Charlie	32.46
Workers Compensation	2,557.20
Ins - John	212.96
Insurance Expense - Other	22,984.92
<b>Total Insurance Expense</b>	<b>49,322.79</b>
Interest Expense	6,801.67
Licenses and Fees	2,203.40
<b>Meals and Entertainment</b>	
Meals and Entertainment-John	30.20
Meals and Entertainment-Ramesh	450.77
Meals and Entertainment-Eduard	2,380.41
Meals and Entertainment-Steven	865.14
Meals and Entertainment-Charlie	3,115.45
Meals and Entertainment - Other	631.29
<b>Total Meals and Entertainment</b>	<b>7,473.26</b>

**AAIT/ Technocraft Scaffold Distribution LLC**  
**Profit & Loss YTD Comparison**  
December 2015

	Jan - Dec 15
<b>Office Supplies &amp; Expenses</b>	
Office Supplies-John	471.61
Office Supplies-Eduard	211.93
Office Supplies-Steven	1,277.32
Office Supplies-Charlie	256.39
Office Supplies-Ramesh	2,173.42
Office Supplies & Expenses - Other	2,235.76
<b>Total Office Supplies &amp; Expenses</b>	6,626.43
<b>Professional Fees</b>	3,849.75
<b>Rent Expense</b>	71,636.50
<b>Repairs and Maintenance</b>	3,775.02
<b>Shipping</b>	
Shipping-Eduard	27.74
Shipping-Claudia	111.21
Shipping-Ramesh	397.94
Shipping - Other	37.69
<b>Total Shipping</b>	574.58
<b>Subcontractors Expense</b>	1,700.00
<b>Taxes</b>	
Social Security/Medicare	13,095.78
Federal Unemployment	490.77
Unemployment - FL	67.20
Unemployment - GA	3.54
Unemployment - TX	27.63
<b>Total Taxes</b>	13,684.92
<b>Telephone Expense</b>	
Eduard	1,207.77
Charlie	1,208.72
Ramesh	75.41
Telephone Expense - Other	919.12
<b>Total Telephone Expense</b>	3,411.02
<b>Travel</b>	
John	149.02
Eduard	6,525.54
Steven	3,394.62
Charlie	11,031.75
Ramesh	814.13
Travel - Other	2,519.69
<b>Total Travel</b>	24,434.75
<b>Utilities</b>	11,380.53
<b>Warehouse Expenses</b>	11,136.06
<b>Wages</b>	
Officer	52,000.00
Others	119,188.59
<b>Total Wages</b>	171,188.59
<b>Total Expense</b>	640,621.34
<b>Net Ordinary Income</b>	(30,545.28)
<b>Other Income/Expense</b>	
Other Income	
Forgiveness of SSI Loan	120,000.00
Sale of 2014 Chevrolet	(806.56)
<b>Total Other Income</b>	119,193.44

**AAIT/ Technocraft Scaffold Distribution LLC**  
**Profit & Loss YTD Comparison**  
December 2015

	<u>Jan - Dec 15</u>
<b>Other Expense</b>	
Depreciation Expense	26,868.98
Amortization Expense	<u>2,067.00</u>
<b>Total Other Expense</b>	<u>28,935.98</u>
<b>Net Other Income</b>	<u>90,257.46</u>
<b>Net Income</b>	<u><u>59,712.18</u></u>