BRAHMAYYA & CO.,
CHARTERED ACCOUNTANTS

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Independent Auditor's Report

To
The Members of Thakral Services (India) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **M/s. Thakral Services (India) Limited** ('the Company'), which comprise the Balance Sheet as at March 31st, 2017, the statement of Profit and Loss and the 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 and presentation 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of 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 statements 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 the 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 the 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 qualified audit opinion on the financial statements.

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Basis for Qualified Opinion:

1. As per Accounting Standard (AS) – 2 (Valuation of Inventories), Inventories should be valued at Cost or Net Realizable Value (NRV) whichever is lower and the Company policy is to follow the FIFO method to determine the cost of inventory. However, the Company has not determined cost of inventory as per above policy as on March 31, 2017. With the available information, we are unable to quantify the impact on inventory valuation as on March 31, 2017.

   Further, the company has closing stock amounting to Rs. 26,03,604 as on March 31st, 2017, which are lying with customers and engineers. However, company has neither conducted physical verification nor obtained supporting documents from the customers (or) engineers to confirm that stock is available with them. Accordingly, we are unable to comment on the existence the stock lying with the customers as per books of account and its impact on the carrying value of the inventory as on March 31, 2017.

2. The company has Trade Receivables, other advances, Retention Money receivable from the Customers and Earnest Money Deposits for which Company has neither obtained balance confirmations nor statement of account from its customers to reconcile the receivables. As a result of this, we are unable to comment on provision to be accrued for the bad and doubtful receivables and outstanding balances as on the Balance Sheet Date and its consequential impact on the Financial Statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, expect for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, 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 March 31st, 2017, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following matters in the Notes to the financial statements:

The Company has prepared its financial statements by applying the going concern assumption, notwithstanding fact that the Company has accumulated losses of Rs. 96,15,536 as at March 31, 2017, further there are significant trade receivables amounting to Rs. 8,78,74,568 outstanding for a period of more than six months. Based on the reasons fully explained in the aforesaid note 38, the management is of the view that the operations of the company will increase significantly in the subsequent years that will lead to improved cash flows and long term sustainability and the company is able to recover all the trade receivables. Accordingly, these financial statements have been prepared on the basis of going concern.

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Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of.the Act, we given in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and, except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account except for the matters specified in the Basis for Qualified Opinion paragraph;

(d) Except for the possible effects of the matters described in Basis for Qualified Opinion paragraph above, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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"; and

(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:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 37 to the financial statements;
   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
   iii. There were no amounts required be transferred to the Investor Education and Protection Fund by the Company.
   iv. The company has provided requisite disclosures in its financial statements as regards its holdings and dealings in Specified Bank Notes during November 08, 2016 to December 30, 2016, as defined in the Notification S.O 3407(E) dated the November 08, 2016 and it is in accordance with the books of accounts maintained by the company.

For Brahmayya & Co.,
Chartered Accountants
ICAI Firm registration no:000515S

BRAHMAYYA & CO. Chartered Accountants BENGALURU

G. Srinivas
Partner
Membership number: 086761

Place: Bengaluru
Date: May 30th, 2017

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2017 we report that:

(i) **In respect of the company's Fixed Assets**

a. As per the information and explanation provided to us, the Company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets;

b. The Management has not conducted any physical verification of fixed assets during the year;

c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no immovable properties held in the name of the Company, accordingly clause (i) (c) of paragraph 3 of the Order is not applicable to the Company.

(ii) The company has conducted physical verification of Inventories at reasonable intervals, but the material discrepancies noticed have not been properly dealt in the books of account.

(iii) The Company has not granted any loans, secured or unsecured, to any company, firm, to any Limited Liability Partnership Firm or other parties listed in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). If so Accordingly, clauses (iii) (a) to (iii) (c) of paragraph 3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities as applicable.

(v) The Company has not accepted any deposits from the public. Accordingly, clause (v) of paragraph 3 of the order is not applicable to the company.

(vi) According to the information and explanations given to us, and to the best of our knowledge, the central government has not prescribed maintenance of cost records under subsection (1) of Section 148 of Companies Act, for the company.

(vii)

a) According to the information and explanations given to us and according to the records as produced and examined by us, in our opinion, the Company is not regular in depositing with appropriate authorities the undisputed statutory dues including Provident fund, Employee State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Cess and other statutory dues to the extent applicable to it. Arrears of Outstanding Statutory Dues as at March 31, 2017 for a period of more than 6 months from the date they became payable are as follows:

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Name of the Statute	Nature of Dues	Amount
Value Added Tax	VAT	1,95,886
Central Sales Tax, 1956	CST	5,34,821
Service Tax, 1994	ST	4,11,697
Employee State Insurance Act, 1948	ESI	1,38,775

b) respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, Value Added Tax and Cess which have not been deposited on account of dispute as on March 31, 2017 are as follows:

Name of the Statute	Nature of Dues	Amount Involved(Rs.)	Period for which the amount Relates	Forum where Dispute is pending
Income Tax Act,1961	Long Term Capital Loss	1,15,75,506	F.Y 2008-09	Commissioner of Income Tax Appeals(III)
Income Tax Act, 1961	Warranty provision, Reimbursement of expenses etc.,	2,64,528/-	F.Y 2008-09	Commissioner of Income Tax Appeals(III)
Income Tax Act, 1961	Provision for warranty	411,279/-	F.Y 2012-13	Commissioner of Income Tax Appeals(III)
Tamil Nadu Value Added Tax Act, 2006	Disallowance of Input Tax Credit	5,12,625/-*	F.Y 2011-12	Appellate Deputy Commissioner of Commercial Taxes
West Bengal Value Added Tax Act, 2003.	VAT Dues	7,17,810/-**	F.Y 2010-11	Joint Commissioner of Commercial Taxes
Central Sales Tax (West Bengal) Rules	CST Dues	1,81,478/-***	F.Y 2009-10	Joint Commissioner of Commercial Taxes

*Amount Includes penalty of Rs.1,70,875/- The Company has deposited Rs. 85,438 under protest.
** Amount Includes penalty of Rs. 14,044 /-. The company has deposited Rs. 30,068 under protest.

*** Amount Includes penalty of Rs.1,57,985/-

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company does not have any loans or borrowings from financial institutions or government and has not issued any debentures.

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(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause (ix) of paragraph 3 of the Order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit. Accordingly, clause (x) of paragraph 3 of the Order is not applicable.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, 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 to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, clause (xii) of paragraph 3 of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Accounting Standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause (xiv) of paragraph 3 of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause (xv) of paragraph 3 of the Order is not applicable.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For Brahmayya& Co.,
Chartered Accountants
ICAI Firm registration no:000515S

G. Srinivas
Partner
Membership No.:086761

Place: Bengaluru
Date: May 30th, 2017

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"Annexure - B" to the Independent Auditors' Report

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 M/s. Thakral Services (India) Limited ("the Company") as of March 31, 2017, 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 qualified audit opinion on the Company's internal financial controls system over financial reporting.

BRAHMAYYA & CO. Chartered Accountants BENGALURU

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that
(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion on adequacy and operating effectiveness of internal financial controls over financial reporting

According to the information and explanation given to us and based on our audit, the following material weaknesses has been identified as at 31st March 2017:

a) The Company did not have an appropriate internal control system for inventory with regard to accounting of receipts, issues and discrepancies noted in physical verification. These could potentially result in material misstatements in the company's trade payables, consumption, Inventory valuation.

b) The Company did not have an appropriate internal control system for collection/recovery of the Trade Receivables within the due dates, adjusting of amounts received from customers with respect to respective invoices, recording of due dates for receipt of retention money and earnest money deposits withheld by the customer and other than retention money which may result in non-recognition of the bad debts and incorrect estimation of provision for bad and doubtful debts and which may affect the funds for the Working Capital.

c) The Company did not have an appropriate internal control system for customer acceptance, credit evaluation and establishing customer credit limits for sales, which could potentially result in the Company recognizing revenue without establishing reasonable certainty of ultimate collection.

BRAHMAYYA & CO. Chartered Accountants BENGALURU

A 'Material Weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the materials weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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.

We have considered the material weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the 31st March 2017 financial statements of the company and these material weaknesses do not affect our opinion on the financial statements of the company.

For Brahmayya& Co.,
Chartered Accountants
ICAI Firm registration no: 000515S

G. Srinivas
Partner
Membership No.: 086761

Place: Bengaluru
Date: May 30th, 2017

BRAHMAYYA & CO. Chartered Accountants BENGALURU