INDTECH TRADING FREE ZONE ESTABLISHMENT
JEBEL ALI

Financial statements

Year Ended March 31, 2016

INDTECH TRADING FREE ZONE ESTABLISHMENT, JEBEL ALI

Financial statements for the year ended March 31, 2016

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Independent Auditors' Report

To the shareholder of Indtech Trading Free Zone Establishment

Report on the Financial Statements

We have audited the accompanying financial statements of Indtech Trading Free Zone Establishment, Jebel Ali ("the Establishment") which comprise the statement of financial position as at March 31, 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements, based on our audit. We conducted our audit in accordance with the International Standards on Auditing. 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 auditors' 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 auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Indtech Trading Free Zone Establishment, Jebel Ali at March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Independent Auditors' Report (Continued)

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2 to the financial statements, which describes the uncertainty relating to the continuance of the Establishment as a going concern. These financial statements are prepared under the going concern basis, which assumes that the Establishment will continue to operate as a going concern in the foreseeable future. The Establishment incurred a net loss of AED 79,351 for the year ended March 31, 2016. The Establishment does not have any projects in hand and is uncertain about new projects. The liquidity position of the Establishment has also been affected. This can raise doubt about the ability of the Establishment to continue operations as a going concern. The continuance of the Establishment's operations is dependent on the introduction of sufficient funds by the shareholder and its future profitability.

The shareholder of the Establishment has confirmed that it will financially support the future operations of the Establishment in the foreseeable future.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations, which were necessary for the purposes of our audit and no violation of the Law No. 9 of 1992 and the Implementing Regulations No. 1/92 issued there under by the Jebel Ali Free Zone Authority (JAFZA) came to our attention which would materially affect the Establishment's financial position.

In our opinion, the Establishment maintains proper books of account and the accompanying financial statements are in agreement therewith.

R. Krishnan

BDO CHARTERED ACCOUNTANTS & ADVISORS
R. Krishnan
Reg. No. 89
May 17, 2016
Abu Dhabi

BDO CHARTERED ACCOUNTANTS & ADVISORS
P.O.Box: 25836
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INDTECH TRADING FREE ZONE ESTABLISHMENT, JEBEL ALI

Statement of financial position at March 31, 2016

	Note	AED	2015 AED
Current assets			
Prepayment and other receivables		**21,752**	21,378
Due from related party		**1,323,796**	1,432,086
Bank balance		**2,782**	37,765
Total current assets		**1,348,330**	1,491,229
Current liabilities			
Accruals and other payables		**6,588**	70,136
Total current liabilities		**6,588**	70,136
Net current assets		**1,341,742**	1,421,093
Net assets		**1,341,742**	1,421,093
Equity			
Share capital		**1,000,000**	1,000,000
Retained earnings		**341,742**	421,093
Total equity		**1,341,742**	1,421,093

These financial statements were approved by the Director on May 17, 2016:

Shantanu Karkun
Director

The notes on pages 7 to 16 form part of these financial statements

INDTECH TRADING FREE ZONE ESTABLISHMENT, JEBEL ALI

Statement of comprehensive income for the year ended March 31, 2016

	Note	2016 AED	2015 AED
Service Fee		-	1,141,900
Administrative, selling and general expenses		(79,351)	(250,756)
Net (loss)/profit for the year		**(79,351)**	891,144
Total comprehensive income for the year		**(79,351)**	891,144

The notes on pages 7 to 16 form part of these financial statements

Statement of changes in equity for the year ended March 31, 2016

	Share capital AED	Retained earnings/ (Accumulated deficit) AED	Total equity AED
Balance at April 1, 2014	1,000,000	(470,051)	529,949
Total comprehensive income for the year	-	891,144	891,144
Balance at March 31, 2015	**1,000,000**	**421,093**	**1,421,093**
Total comprehensive income for the year	-	(79,351)	(79,351)
Balance at March 31, 2016	**1,000,000**	**341,742**	**1,341,742**

The notes on pages 7 to 16 form part of these financial statements

INDTECH TRADING FREE ZONE ESTABLISHMENT, JEBEL ALI

Statement of cash flows for the year ended March 31, 2016

	Note	2016 AED	2015 AED
Cash flows from operating activities			
Net (loss)/profit for the year		(79,351)	891,144
Adjustments for :			
Provision for employees' end of service gratuities		-	4,881
Operating (loss)/profit before working capital changes		(79,351)	896,025
(Increase)/decrease in prepayment and other receivables		(375)	11
Decrease/(increase) in due from related party		108,290	(1,429,764)
(Decrease)/increase in accruals and other payables		(63,547)	5,011
Net cash used in operating activities		(34,983)	(528,717)
Net decrease in cash and cash equivalents		(34,983)	(528,717)
Cash and cash equivalents at beginning of year		37,765	566,482
Cash and cash equivalents at end of year	6	2,782	37,765

The notes on pages 7 to 16 form part of these financial statements

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1 Status and activity

Indtech Trading Free Zone Establishment, Jebel Ali ("the Establishment") is a Free Zone Establishment registered with limited liability under the Law No. 9 of 1992 and the Implementing Regulations No. 1/92 issued there under by the Jebel Ali Free Zone Authority (JAFZA). The principal place of business of the Establishment is located in Jebel Ali Free Zone.

Thes principal activities of the Establishment are trading in construction equipment and machinery spare parts. Punj Llyod Limited, India is the ultimate parent company of the Establishment.

These financial statements for the year ended March 31, 2016 were authorised for issue by the Director on May 17, 2016.

These financial statements are presented in UAE Dirhams (AED), which is the functional currency of the Establishment.

2 Going concern considerations

These financial statements are prepared under the going concern basis, which assumes that the Establishment will continue to operate as a going concern in the foreseeable future. The Establishment incurred a net loss of AED 79,351 for the year ended March 31, 2016. The Establishment does not have any projects in hand and is uncertain about new projects. The liquidity position of the Establishment has also been affected. This can raise doubt about the ability of the Establishment to continue operations as a going concern. The continuance of the Establishment's operations is dependent on the introduction of sufficient funds by the shareholder and its future profitability.

The shareholder of the Establishment has confirmed that it will financially support the future operations of the Establishment in the foreseeable future.

3 Adoption of new and revised standards

New standards, interpretations and amendments effective from April 1, 2015

The following new and revised IFRSs have been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- ***IAS 19 'Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)'*** **(Effective for annual periods beginning on or after July 1, 2014):**

  This amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient treatment if the amount of the contributions is independent of the number of years of service, in that contribution can, but are not required, to be recognized as a reduction in the service cost in the period in which the related service is rendered.

  These amendments will not impact the Establishment's financial position or performance and become effective for annual periods beginning on or after July 1, 2014.

3 Adoption of new and revised standards (Continued)

- Annual Improvements to IFRSs 2010-2012 Cycle (Effective for annual periods beginning on or after July 1, 2014):

  IFRS 13 *Fair Value Measurements*

  This improvement clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only). The amendment has not impacted the Establishment's financial position or performance on adoption.

  IAS 16 *'Property, Plant and Equipment'* and IAS 38 *'Intangible Assets'*

  The improvement clarifies that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount. The amendment has not impacted the Establishment's financial position or performance on adoption.

  IAS 24 *Related Party Disclosures*

  The improvement clarifies how payments to entities providing management services are to be disclosed. The amendment has no impact on the Establishment's financial position or performance on adoption.

- *Annual Improvements to IFRSs 2011-2013 Cycle* (Effective for annual periods beginning on or after July 1, 2014):

  IFRS 13 *Fair Value Measurements*

  This improvement clarifies the scope of the portfolio exception in paragraph 52. The amendment has not impacted on the Establishment's financial position or performance on adoption.

New standards, interpretations and amendments not yet effective

The Establishment has not applied the following new and revised IFRSs that have been issued but are not yet effective for annual periods beginning on or after April 1, 2015:

- *IFRS 9 'Financial instruments'*

  IFRS 9 (2009) standard addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

  IFRS 9 (2010) incorporated the revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss - in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

3 Adoption of new and revised standards (Continued)

IFRS 9 (2013) incorporated the revised requirements in a new chapter to IFRS 9 on hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. It also permits an entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss. This revised version also removes the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalisation of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application.

IFRS 9 'Financial instruments (2014)' is a finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements for applying to the measurement of an entity's own credit risk.

Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.

Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 9 (2014) was issued on July 24, 2014 and supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but these standards remain available for application if the relevant date of initial application is before February 1, 2015.

The Establishment is yet to determine whether it shall adopt IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), or adopt IFRS 9 (2014) at a later date. Accordingly, the Establishment is yet to assess the full impact on adoption of IFRS 9.

3 Adoption of new and revised standards (Continued)

- *IFRS 15 'Revenue from Contracts with Customers'* (Effective for annual periods beginning on or after January 1, 2018):

  IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

  The five steps in the model are as follows:

  - Identify the contract with the customer;
  - Identify the performance obligations in the contract;
  - Determine the transaction price;
  - Allocate the transaction price to the performance obligations in the contracts;
  - Recognise revenue when (or as) the entity satisfies a performance obligation.

  Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

  The Establishment is yet to assess IFRS 15's full impact and intends to adopt IFRS 15 no earlier than the accounting period beginning on or after January 1, 2018.

- *IAS 1 Presentation of Financial Statements* (Effective for annual periods beginning on or after January 1, 2016):

  The following narrow-scope amendments have been made to IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgments in presenting their financial reports:

  Materiality and aggregation: clarifies that an entity should not obscure useful information by aggregating or disaggregating information; and that materiality considerations apply to the primary statements, notes and any specific disclosure requirements in IFRSs, i.e. disclosures specifically required by IFRSs need to be provided only if the information is material.

  Statement of financial position and statement of profit or loss and other comprehensive income: clarifies that the list of line items specified by IAS 1 for these statements can be disaggregated and aggregated as relevant. Additional guidance has been added on the presentation of subtotals in these statements.

  Presentation of items of other comprehensive income ("OCI"): clarifies that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

  Notes: clarifies that entities have flexibility when designing the structure of the notes and provides guidance on how to determine a systematic order of the notes. Also, unhelpful examples regarding the identification of significant accounting policy have been removed.

  The Establishment is yet to assess the full impact of these amendments on its financial statements.

3 Adoption of new and revised standards (Continued)

- *Annual Improvements to IFRSs 2012-2014 Cycle* (Effective for annual periods beginning on or after July 1, 2016):

  IFRS 7 *Financial Instruments: Disclosures*

  This improvement provides additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements. The annual improvement has not impacted the Establishment's financial position or performance on adoption.

  IAS 19 *Employee Benefits*

  This improvement clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid. The amendment has no impact on the Establishment's financial position or performance on adoption

4 Significant accounting policies

These financial statements are prepared under the historical cost convention and in accordance with the International Financial Reporting Standards.

The significant accounting policies adopted are as follows:

Financial assets

All financial assets are recognised and derecognised on trade date and are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit or loss account, which are initially measured at fair value. The financial assets consist of due from related party, bank balance and other receivables. Bank balance consists of cash held on bank current account. Any interest earned is accrued monthly and classified as interest income.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss account, held to maturity investments, loans and receivables and available-for-sale investments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

- Financial assets are classified as fair value through profit or loss when the financial asset is either a held for trading investment or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if, it has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Establisment manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument. The Establishment has not designated any of the financial assets as fair value through profit or loss.

- Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. The Estabishment has not classified any of the financial assets as held to maturity investment.

- Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

4 Significant accounting policies (Continued)

- Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. The Estabishment has not classified any of the financial assets as available for sale.

Loans and receivables comprise of due from related party and other receivables that have fixed or determinable payments and are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment.

Impairments

The carrying amounts of the Establishment's assets are reviewed annually at each date of the statement of financial position to determine whether the assets have been impaired during the year. Where an asset has been impaired, the recoverable amount of the asset is determined. Where the carrying amount exceeds the recoverable amount, the asset is written down to its recoverable amount. The resultant impairment loss is recognised as an expense in the statement of comprehensive income.

Employees' end of service gratuities

Provision for employees' end of service benefits is made on the basis prescribed in the UAE Labour Law, for the accumulated period of service at the date of the statement of financial position.

Provisions

Provisions are recognised in the statement of financial position when the Establishment has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit and loss account or other financial liabilities. The Establishment's financial liabilities consist of accruals and other payables. Financial liabilities are initially measured at fair value. The subsequent measurement is at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Revenue

Service fee is recognised when the services are rendered and are spread over the period of contract.

Leasing

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Foreign currencies

Transactions in foreign currencies during the year are converted into AED at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated to AED at the rates of exchange ruling at the date of statement of financial position. All gains and losses on exchange are taken to the statement of comprehensive income.

4 **Significant accounting policies (Continued)**

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprises of bank balance.

5 **Prepayment and other receivables**

	2016 AED	2015 AED
Prepayments	8,813	8,439
Deposits	12,939	12,939
	21,752	21,378

6 **Related party disclosures**

Related parties include the ultimate parent, intermediate parent, shareholders, key management personnel, associates, joint ventures and any businesses which are controlled directly or indirectly by the Establishment or over which they exercise significant management influence. The balances due from such party, which have been disclosed separately in the financial statements, are unsecured, interest-free and are repayable on demand.

The significant related party transactions during the year are as follows:

	2016 AED	2015 AED
Other related parties		
- Service Fee	-	224,900

Related party balances are as under :

	2016 AED	2015 AED
Receivables:		
- Punj Lloyd Limited, Dubai	1,323,796	1,432,086

7 **Bank balance**

	2016 AED	2015 AED
Bank current account	2,782	37,765
	2,782	37,765

The carrying amount of these assets approximates to their fair value.

8 Accruals and other payables

	2016 AED	2015 AED
Accrued expenses	**6,588**	21,954
Provision for leave salary	**-**	27,203
Provision for employees' end of service benefits	**-**	20,979
	6,588	70,136

In previous year, provision for employees' end of service benefits was classified as a current liability as the amount was likely to be paid within a period of twelve months from March 31, 2015. No provision for gratuity has been created during the year as there are no employees working under the Establishment.

9 Share capital

	2016 AED	2015 AED
Authorised, issued and paid up capital:		
1 share of AED 1,000,000 each	**1,000,000**	1,000,000

10 Administrative, selling and general expenses

	2016 AED	2015 AED
Salaries and other benefits	**-**	147,246
Rent and license fees	**70,251**	73,226
Professional fees	**6,000**	9,000
Insurance	**-**	3,575
Bank charges	**3,100**	510
Others	**-**	17,199
	79,351	250,756

11 Financial instruments - risk management

Capital risk management

The Establishment intends to manage capital in a way that it is able to continue as a going concern while maximising returns to the shareholder.

The capital structure of the Establishment consists of cash and cash equivalents and equity attributable to equity holder, representing paid up capital and retained earnings.

As a risk management policy, the Establishment reviews its cost of capital and risks associated with capital. The Establishment balances its capital structure based on the above review.

Market risk management

The Establishment is primarily exposed to the financial risks of changes in foreign currency exchange rates (currency risk).

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign currency risk management

The Establishment undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuation arise. The Establishment is mainly exposed to US Dollars ("USD"). Since the AED is pegged to the USD, the Establishment is not exposed to any significant exchange rate fluctuations.

Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Establishment is potentially exposed to concentration of credit risk from its financial assets which comprise principally bank balance, other receivables and amounts due from related party. The Establishment's bank account are placed with high credit quality financial institutions. The credit risk on due from related party is subjected to credit evaluations and an allowance is made for estimated irrecoverable amounts.

Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Establishment has built an appropriate liquidity risk management framework for the management of its short, medium and long term funding and liquidity requirements. The Establishment manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cashflows.

11 Financial instruments - risk management (Continued)

Financial instruments by category

The carrying amounts for each class of financial instrument are listed below:

	2016 AED	2015 AED
Financial assets		
- Other receivables	12,939	12,939
- Due from related party	1,323,796	1,432,086
- Bank balance	2,782	37,765
Financial liabilities		
- Accruals and other payables	6,589	21,954

12 Comparative figures

Previous year's figures have been regrouped or reclassified wherever necessary to make them comparable to those of the current year. These reclassifications are immaterial.