

INDEPENDENT AUDITOR'S REPORT

To the Members of Katra Auto Engineering Pvt Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Katra Auto Engineering Pvt Ltd ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, 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 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 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 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 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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section 11 of section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purposes of our audit;
 - (b) 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;
 - (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) In our opinion, there are no matters that may have an adverse effect on the functioning of the Company;
 - (f) 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;
 - (g) 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

- (h) 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 does not have any pending litigations which would impact its financial position.
 - 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 which were required to be transferred to the Investor Education and Protection Fund by the Company.

For R.P.Bhide & Associates
Chartered Accountants
FRN: 101406W

E.A. Ramchandra P. Bhide
Partner
M.No.:042687

Place : Pune

Date : 20 MAY 2016

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Katra Auto Engineering Pvt Ltd on the financial statements for the year ended 31st March, 2016]

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) All the fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The Company does not have inventory. Accordingly, the requirements of paragraph 3(ii) of the Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured to Companies, firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.
- v. The Company has not accepted any deposits. Hence the provisions stated in paragraph 3 (v) of the order are not applicable to the Company.
- vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the order are not applicable to the Company.
- vii. According to the information and explanation given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it.
- viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- 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, paragraph 3 (ix) of the Order is not applicable.

- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees during the course of our audit.
- 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, paragraph 3(xii) 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, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.
- 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, paragraph 3(xv) of the Order is not applicable.
- xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

For R.P.Bhide & Associates
Chartered Accountants
FRN: 101406W

C.A. Ramchandra P. Bhide
Partner
M.No.:042687

Place : Pune
Date :

20 MAY 2016

ANNEXURE B TO 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 Katra Auto Engineering Pvt Ltd ('the Company') as of 31st March, 2016 in conjunction with our audit of 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's 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 the 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 ICAI. Those Standards and 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 were 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 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 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 the 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 control over financial reporting to future periods are subject to the risk that 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 control system over financial reporting and such adequate internal financial controls over financial reporting were operating effectively as at 31st March, 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.

For R.P.Bhide & Associates
Chartered Accountants
FRN: 101406W

C.A. Ramchandra P. Bhide
Partner
M.No.:042687

Place : Pune
Date : 20 MAY 2016

Katra Auto Engineering Private Limited

Balance Sheet as at March 31, 2016

Particulars	Note No	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<u>EQUITY AND LIABILITIES</u>			
<u>SHAREHOLDERS' FUNDS</u>			
Share Capital	1.1	500,000	500,000
Reserves and Surplus	1.2	(178,459)	(158,694)
<u>NON CURRENT LIABILITES</u>			
Other Long Term Liabilities	1.3	64,605,000	64,600,000
<u>CURRENT LIABILITES</u>			
Other Current Liabilities	1.4	14,515	12,865
		64,941,056	64,954,171
<u>ASSETS</u>			
<u>NON-CURRENT ASSETS</u>			
Fixed Assets			
Tangible Assets	1.5	64,934,656	64,934,656
<u>CURRENT ASSETS</u>			
Cash and Bank Balances	1.6	6,400	19,515
		64,941,056	64,954,171
Significant Accounting Policies	2		
Notes to Accounts	3		

As per our report of even date

For R.P. Bhide & Associates,
Chartered Accountants

For and on behalf of the Board of Directors of
Katra Auto Engineering Private Limited

CA Ramchandra Bhide
Partner
M. No. 042687
Firm Regn. No. 101406W
Place: Pune
Date:

20 MAY 2016

Dilip Bhansali Debdas Guin
Director Director
DIN : 01827367 DIN : 02847480

Place: Pune Place: Pune
Date: Date:

20 MAY 2016

20 MAY 2016

Katra Auto Engineering Private Limited

Statement of Profit & Loss for the year ended March 31, 2016

Particulars	Note No.	2015-16 Rupees	2014-15 Rupees
<u>INCOME</u>			
REVENUE FROM OPERATIONS		-	-
TOTAL REVENUE		-	-
<u>EXPENSES</u>			
Administrative Expenses	1.7	19,765	81,138
TOTAL EXPENSES		19,765	81,138
PROFIT (LOSS) BEFORE TAX		(19,765)	(81,138)
PROFIT (LOSS) FOR THE YEAR		(19,765)	(81,138)
Earning per Equity Share (Face Value of Rs 10/- each) (Refer Note No 3.6 of Notes to Accounts)		(0.40)	(1.62)
Significant Accounting Policies	2		
Notes to Accounts	3		

As per our report of even date

For R.P. Bhide & Associates.
Chartered Accountants

For and on behalf of the Board of Directors of
Katra Auto Engineering Private Limited

CA Ramchandra Bhide
Partner
M. No. 042687
Firm Regn. No. 101406W
Place : Pune
Date : 20 MAY 2016

Dilip Bhansali
Director
DIN : 01827367

Place : Pune
Date : 20 MAY 2016

Debdas Guin
Director
DIN : 02847480

Place : Pune
Date : 20 MAY 2016

KATRA AUTO ENGINEERING PRIVATE LIMITED
Cash Flow Statement For The Year Ended March 31,2016

Particulars	2015-16 Rupees	2014-15 Rupees
i CASH FLOW FROM OPERATING EXPENSES		
Net Profit/(Loss) Before Tax	(19,765)	(81,138)
Adjustments For:		
Depreciation, Amortisation and obsolescence of Asset	-	-
Finance Charges	533	364
	533	364
Operating Cash Profit/(Loss) before Working Capital Changes	(19,232)	(80,774)
Adjustments for:		
Trade and Other Receivables	-	-
Trade Payables and Other Liabilities	6,650	52,500
	6,650	52,500
Net Cash Flow From Operating Activities	(12,582)	(28,274)
ii CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash Used in Investing Activities	-	-
iii CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds From Issue of Share Capital	-	-
Finance Charges Paid	(533)	(364)
Net Cash from Financing Activities	(533)	(364)
Net Increase/ (Decrease) in Cash and Cash Equivalents	(13,115)	(28,638)
Cash and Cash Equivalents at the beginning of the year (Refer Note No 1.6)	19,515	48,153
Cash and Cash Equivalents at the end of the year (Refer Note No 1.6)	6,400	19,515
Net Increase/(Decrease) in Cash & Cash Equivalents	(13,115)	(28,638)

As per our report of even date

For R.P.Bhide & Associates
Chartered Accountants

CA Ramchandra Bhide
Partner
M. No. 042687
Firm Regn. No.101406W
Place :Pune
Date : 20 MAY 2016

For and on behalf of the Board of Directors of
Katra Auto Engineering Private Limited

Dilip Bhansali
Director
DIN : 01827367

Place :Pune
Date : 20 MAY 2016

Debaas Guin
Director
DIN :02847480

Place :Pune
Date : 20 MAY 2016

Katra Auto Engineering Pvt Ltd

Notes to Financial Statements for the year end 31st March,2016

Particulars	As at March 31 , 2016 Rupees		As at March 31 ,2015 Rupees	
NOTE NO-1.1 SHARE CAPITAL				
Authorized Capital				
50,000 (Previous Year 50,000) Equity Share of Rs. 10/- Each	500,000		500,000	
	<u>500,000</u>		<u>500,000</u>	
Issued, subscribed and Paid up				
50,000 (Previous Year 50,000) Equity Shares of Rs. 10/- Each fully paid-up	500,000		500,000	
Total	<u>500,000</u>		<u>500,000</u>	
The Company has only one class of issued shares. Holder of equity Shares is entitled to one Vote per Share. The reconciliation of number of shares outstanding and the amount of share capital is set out below				
Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	Rupees	Number	Rupees
Equity Shares				
Shares outstanding at the beginning of the year	50,000	500,000	50,000	500,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	50,000	<u>500,000</u>	50,000	<u>500,000</u>
The details of shareholders holding more than 5% shares				
Name of Shareholders	As at March 31, 2016		As at March 31, 2015	
	No. of Share Held	% of Holding	No. of Share Held	% of Holding
Equity Shares				
Taneja Aerospace and Aviation Limited	50,000	100%	50,000	100%
Note No-1.2 RESERVE AND SURPLUS				
Surplus				
Opening Balance	(158,694)		(77,556)	
Add: Profit (Loss) for the year	(19,765)		(81,138)	
	<u>(178,459)</u>		<u>(158,694)</u>	
Note No-1.3 OTHER LONG TERM LIABILITIES				
Others (Refer Note No 3.5)	64,605,000		64,600,000	
	<u>64,605,000</u>		<u>64,600,000</u>	

Katra Auto Engineering Pvt Ltd

Notes to Financial Statements for the year end 31st March,2016

Particulars	As at	As at
	March 31, 2016	March 31, 2015
	Rupees	Rupees
NOTE NO 1.4 OTHER CURRENT LIABILITIES		
Provision For Expenses	14,515	12,865
	14,515	12,865
NOTE NO. 1.6 CASH AND BANK BALANCES		
Cash & Cash Equivalents		
Balance with Bank	6,400	19,515
	6,400	19,515
NOTE NO. 1.7 ADMINISTRATIVE EXPENSES		
Professional Service Charges	-	30,394
Filing Fees	9,717	20,014
Bank Charges	533	364
Audit Fees	8,015	7,865
Travelling Expenses	-	19,575
Office Expenses	-	426
Sitting Fees	1,500	2,500
	19,765	81,138

Katra Auto Engineering Pvt Ltd

NOTE NO. 1.5 FIXED ASSET

(Rupees)

PARTICULARS	ORIGINAL COST		DEPRECIATION			NET BLOCK VALUE	
	AS AT APRIL 1, 2015	ADDITIONS	AS AT MARCH 31, 2016	AS AT APRIL 01, 2015	CHARGE FOR THE YEAR	AS AT MARCH 31, 2016	AS AT MARCH 31, 2015
TANGIBLE ASSET							
LAND	64,934,656	-	64,934,656	-	-	64,934,656	64,934,656
TOTAL	64,934,656	-	64,934,656	-	-	64,934,656	64,934,656
PREVIOUS YEAR	64,934,656	-	64,934,656	-	-	64,934,656	64,585,719

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NOTE NO. 2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India and comply in all material respects with the Accounting Standards specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provision of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; 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 its 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.

(d) Revenue Recognition

Expenses and Income are accounted for on Accrual basis.

(e) Taxation

i) Provision for Current Tax is made after taking into consideration prevailing provisions of the Income Tax Act, 1961.

ii) Deferred Tax is measured based on the Tax rates and the Tax Laws enacted or substantially enacted at the Balance Sheet date, however deferred tax asset is not recognized in the books of accounts.

(f) Contingent Liabilities

Contingent Liabilities are not provided and are disclosed in Notes on Accounts. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

NOTE NO. 3 NOTES TO ACCOUNTS

1. Contingent Liability: Nil
2. The Company has yet to commence operations.
3. There are no Micro, small and Medium Enterprise suppliers as defined under the provisions of "Micro, Small Medium Enterprises Development Act, 2006". There are no dues to such suppliers as on March, 31 st 2016.
4. As a matter of prudent Accounting Policy, the Company has not accounted deferred tax assets.
5. Related Party Transactions

Holding Company : Taneja Aerospace & Aviation Limited

Details of Transaction:**(Amount in Rs.)**

Particulars	Holding Company
	2015-16
Transactions during the year	
Advances Received Taneja Aerospace and Aviation Ltd	5,000/-
Outstanding as at Balance Sheet date	64,605,000/-
Taneja Aerospace and Aviation Ltd	

6. Earning Per Share

Sr. No.	Particulars	For The Year Ended March 31, 2016	For The Year Ended March 31, 2015
i)	(Loss) after Tax as per Profit & Loss Account (Rs.)	(19,765/-)	(81,138/-)
ii)	Weighted Average Number of Equity Shares (Nos)	50,000/-	50,000/-
iii)	Earning Per Share (Rs.) (Basic and Diluted)	(0.40)	(1.62)

7. Current Assets, Loans and Advances are of value stated if realized in the ordinary course of business.
 8. Previous Period figures have been regrouped/ rearranged wherever necessary to conform to this year's classification.
 9. Figures have been rounded off to the nearest rupees.
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As per our report of even date

**For R.P.Bhide & Associates
Chartered Accountants**

**CA-Ramchandra Bhide
Partner
M No 042687
Firm Regn No 101406W**

**Place: Pune
Date: 20 MAY 2016**

**For and on behalf of the Board of Directors of
Katra Auto Engineering Private Limited**

**Dilip Bhansali
Director
DIN:01827367**

**Debdas Guin
Director
DIN:02847480**

**Place : Pune
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