

Narendra Poddar & Co.

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Date

To the Members of ALOK INDUSTRIES INTERNATIONAL LIMITED

Report on the Financial Statements

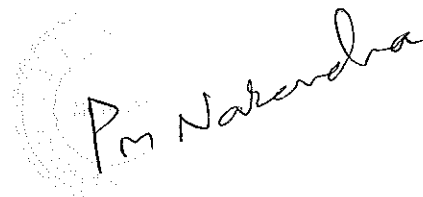
1. We have audited the accompanying financial statements of ALOK INDUSTRIES INTERNATIONAL LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The management and Board of Directors of the Company are 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 Companies (Accounts) Rules, 2014. This responsibility 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; design, implementation and maintenance of adequate internal financial controls, that are 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

3. 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.
4. 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.
5. 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.


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ALOK INDUSTRIES INTERNATIONAL LIMITED

Opinion

6. 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 period from April 01, 2015 to March 31, 2016.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India 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
8. As required by section 143(3) of the Act, we further 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 applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.
 - e) on the basis of written representations received from the directors as on **March 31, 2016**, and taken on record by the Board of Directors, none of the directors is disqualified as on **March 31, 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) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014::
 - 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; as such the question of commenting on any material foreseeable losses thereon does not arise.
 - iii. There has not been an occasion in case of the Company during the period under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

For Narendra Poddar & Co.

Chartered Accountants

FRN No. 106915W

Narendra Poddar, Proprietor

Membership No. 41256

Mumbai, 24th May, 2016

"Annexure A" to the Independent Auditors' Report
ALOK INDUSTRIES INTERNATIONAL LIMITED

Referred to in paragraph 7 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

- I. The Company is not having any fixed assets. Accordingly, paragraphs (i)(a),(b) and (c) of the order are not applicable
- II. The Company is not having any inventory. Accordingly, paragraphs (ii)(a) and (b) of the order are not applicable
- III. The Company has granted unsecured loans to other parties covered in the Register maintained under section 189 of the Act.
 - a) The terms and conditions of the grant of such loans are not prejudicial to the company's interest
 - b) The loan is interest free and payable on demand.
 - c) Since the loan is payable on demand, accordingly, paragraphs (iii)(c) of the Order is not applicable
- 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 Companies Act, 2013 In respect of loans, investments, guarantees, and security
- V. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- VI. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- VII.
 - a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues wherever applicable with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.
 - b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- VIII. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- IX. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

P. N. Nataraja

ALOK INDUSTRIES INTERNATIONAL LIMITED

- X. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year
- XI. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has not been paid or provided by the company.
- XII. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- XIII. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- XIV. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- XV. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 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 and hence not commented upon.

For Narendra Poddar & Co.
Chartered Accountants
FRN No. 106915W

N. Narendra

Narendra Poddar, Proprietor
Membership No. 41256

Mumbai – 24th May, 2016

“Annexure B” to the Independent Auditor’s Report of even date on the Financial Statements of ALOK INDUSTRIES INTERNATIONAL LIMITED

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 ALOK INDUSTRIES INTERNATIONAL LIMITED (“the Company”) as of March 31, 2016 in conjunction with our audit of the s 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. 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 judgement, 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

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ALOK INDUSTRIES INTERNATIONAL LIMITED

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.

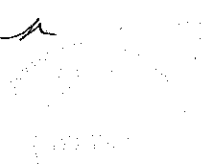
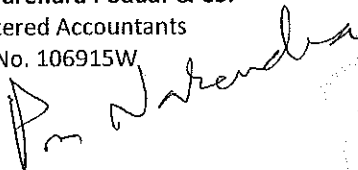
Opinion

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.

For Narendra Poddar & Co.

Chartered Accountants

FRN No. 106915W



Narendra Poddar, Proprietor

Membership No. 41256

Mumbai – 24th May, 2016

ALOK INDUSTRIES INTERNATIONAL LIMITED

BALANCE SHEET AS AT 31 MARCH 2016

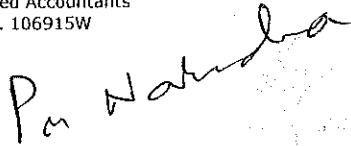
| PARTICULARS | NOTES | AS AT 31-Mar-16 Rupees | AS AT 31-Mar-16 USD | AS AT 31-Mar-15 Rupees | AS AT 31-Mar-15 USD |
|--------------------------------|-------|------------------------------|---------------------------|------------------------------|---------------------------|
| EQUITY AND LIABILITIES | | | | | |
| Shareholders' funds | | | | | |
| Share capital | 3 | 2,213,940 | 50,000 | 2,213,940 | 50,000 |
| Reserves and surplus | 4 | (13,729,782,553) | (206,999,621) | (12,588,034,212) | (201,130,993) |
| | | (13,727,568,613) | (206,949,621) | (12,585,820,272) | (201,080,993) |
| Non-current liabilities | | | | | |
| Long-term borrowings | 5 | 9,269,896,155 | 139,748,091 | 8,882,829,449 | 141,919,091 |
| Current liabilities | | | | | |
| Short term borrowing | 6 | 8,466,052,943 | 127,629,772 | 8,856,435,074 | 141,497,394 |
| Trade payables | 7 | 188,630 | 2,844 | 674,160 | 10,771 |
| Other current liabilities | 8 | 3,599,645,229 | 54,266,363 | 982,840,083 | 15,702,629 |
| TOTAL | | 7,608,214,344 | 114,697,449 | 6,136,958,494 | 98,048,892 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Non-current investments | 9 | 3,765,136,325 | 56,761,220 | 3,552,730,163 | 56,761,220 |
| Long-term loans and advances | 10 | 40,905,289 | 616,667 | 67,545,905 | 1,079,167 |
| Current assets | | | | | |
| Cash and bank balances | 11 | 284,501 | 4,289 | 1,433,553 | 22,904 |
| Short-term loans and advances | 12 | 3,801,888,229 | 57,315,273 | 2,515,248,873 | 40,185,601 |
| TOTAL | | 7,608,214,344 | 114,697,449 | 6,136,958,494 | 98,048,892 |

Notes forming part of the financial statements

1 to 23

As per our report of even date

For Narendra Poddar & Co.
Chartered Accountants
FRN No. 106915W



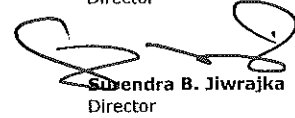
Narendra Poddar, Proprietor
Membership No. 41256

Mumbai, 24th May, 2016

For and on behalf of the Board

Ashok B. Jiwrajka
Director

Dilip B. Jiwrajka
Director



Shreendra B. Jiwrajka
Director

ALOK INDUSTRIES INTERNATIONAL LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM 01 APRIL 2015 TO 31 MARCH 2016

| PARTICULARS | NOTES | 12 MONTHS ENDED 31-MAR-16 | | 18 MONTHS ENDED 31-Mar-15 | |
|----------------------------|-------|---------------------------|--------------------|---------------------------|----------------------|
| | | Rupees | USD | Rupees | USD |
| REVENUE | | | | | |
| Other income | 13 | 14,649,455 | 223,790 | 100,561,651 | 1,637,689 |
| Total | | 14,649,455 | 223,790 | 100,561,651 | 1,637,689 |
| EXPENSES | | | | | |
| Finance cost | 14 | 396,313,679 | 6,054,189 | 670,735,489 | 10,923,215 |
| Other expenses | 15 | 2,502,465 | 38,228 | 8,854,042,801 | 144,191,871 |
| Total | | 398,816,144 | 6,092,417 | 9,524,778,290 | 155,115,086 |
| LOSS FOR THE PERIOD | | (384,166,689) | (5,868,627) | (9,424,216,639) | (153,477,397) |
| EARNINGS PER SHARE | | | | | |
| Basic and Diluted | 20 | (7,683.33) | (117.37) | (188,484.33) | (3,069.55) |

Notes forming part of the financial statements 1 to 23

As per our report of even date

For Narendra Poddar & Co.
Chartered Accountants
FRN No. 106915W




Narendra Poddar, Proprietor
Membership No. 41256

For and on behalf of the Board

Ashok B. Jiwrajka
Director

Dilip B. Jiwrajka
Director



Surendra B. Jiwrajka
Director

Mumbai, 24th May, 2016

ALOK INDUSTRIES INTERNATIONAL LIMITED

CASH FLOW STATEMENT FOR THE PERIOD FROM 01 APRIL 2015 TO 31 MARCH 2016

| | 12 MONTHS ENDED 31-MAR-16 | | 18 MONTHS ENDED 31-Mar-15 | |
|---|---------------------------|--------------|---------------------------|---------------|
| | Rupees | USD | Rupees | USD |
| A) CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Loss for the period | (384,166,689) | (5,868,627) | (9,424,216,639) | (153,477,397) |
| Adjustments for : | | | | |
| Unrealised exchange (gain)/loss | (231,542) | (3,764) | 224,158 | 3,649 |
| Interest income | - | - | (20,893,596) | (340,261) |
| Finance cost | 396,313,679 | 6,054,189 | 582,039,936 | 9,478,770 |
| Provision for diminution in the value of investments | - | - | 8,831,909,172 | 143,831,418 |
| Discount on Compulsorily Convertible Bonds | - | - | 88,695,553 | 1,444,445 |
| Operating (loss) / profit before working capital changes | 11,915,448 | 181,798 | 57,758,584 | 940,624 |
| Adjustments for : | | | | |
| Decrease in current liabilities | 3,653,186 | 55,807 | (92,628,455) | (1,508,494) |
| Increase in loans and advances | (1,091,050,860) | (16,667,173) | (249,006,541) | (4,055,178) |
| Net cash generated / (used) in operating activities (A) | (1,075,482,226) | (16,429,568) | (283,876,412) | (4,623,048) |
| B) CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of investments | - | - | (4,557,510,109) | (74,221,001) |
| Sale of Investment | - | - | 1,942,770,601 | 31,638,850 |
| Interest received | - | - | 20,893,596 | 340,261 |
| Net cash generated / (used) in investing activities (B) | - | - | (2,593,845,912) | (42,241,890) |
| C) CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Short-term borrowings (net) | 1,470,345,820 | 22,461,378 | 3,548,364,724 | 57,786,636 |
| Interest paid | (396,313,679) | (6,054,189) | (670,735,489) | (10,923,215) |
| Net cash (used) / generated from financing activities (C) | 1,074,032,141 | 16,407,189 | 2,877,629,235 | 46,863,421 |
| Net (decrease) / increase in cash and cash equivalents (A+B+C) | (1,450,085) | (22,379) | (93,089) | (1,517) |
| Cash and cash equivalents at the beginning of the period | 1,658,737 | 26,571 | 1,763,160 | 28,088 |
| Effect of exchange rate change on cash and cash equivalent | 69,491 | | (11,334) | |
| Cash and Cash equivalents at the end of the period | 278,143 | 4,192 | 1,658,737 | 26,571 |

NOTES TO CASH FLOW STATEMENT

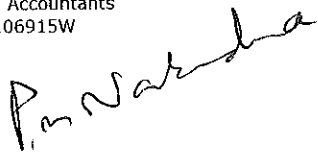
1. Cash and Cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

| Particulars | As at 31-Mar-16 | | As at 31-Mar-15 | |
|---------------------------------------|-----------------|-------|-----------------|--------|
| | Rupees | USD | Rupees | USD |
| Balance with bank | 284,501 | 4,289 | 1,433,553 | 22,904 |
| Effect of exchange rate change | (6,358) | (97) | 225,184 | 3,667 |
| Cash and Cash equivalents as restated | 278,143 | 4,192 | 1,658,737 | 26,571 |

* Earmarked deposits and deposits with maturity period of more than three months have been excluded from cash and cash equivalent and grouped under the investment activity.

As per our report of even date

For Narendra Poddar & Co.
Chartered Accountants
FRN No. 106915W



Narendra Poddar, Proprietor
Membership No. 41256

For and on behalf of the Board

Ashok B. Jiwrajka
Director

Dilip B. Jiwrajka
Director

Surendra B. Jiwrajka
Director

Mumbai, 24th May, 2016

ALOK INDUSTRIES INTERNATIONAL LIMITED

NOTES TO FINANCIAL STATEMENT FOR THE PERIOD 01 APRIL 2015 TO 31 MARCH 2016

1. BACKGROUND

- A** Alok Industries International Limited was incorporated in January, 2007 under the laws of British Virgin Island as an 'International Business Company', is a wholly owned subsidiary of Alok Infrastructure Limited, a Company incorporated in India.
- B** The Company continued to incur losses during the period resulting in significant accumulated losses as on 31st March 2016. The Company continues to be supported (financially & operationally) by Alok Industries Ltd, the ultimate holding company and is contemplating various options to improve the business operations in future. On that basis, the accounts of the Company are prepared on going concern basis.

2. SIGNIFICANT ACCOUNTING POLICIES

I Basis of Preparation of Financial Statements

- a) The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. These Financial Statements are prepared solely for the purpose of consolidation by Alok Industries Limited, the ultimate holding company, and to comply with provisions of the Indian Companies Act.
- b) **Translation to Indian Rupees :-**
The accounts are maintained in US Dollars being currency of British Virgin Island. The accounts are translated to Indian Rupees as follows-
(i) All income and expenses are translated at the average rate of exchange prevailing during the period.
(ii) Assets and Liabilities are translated at the closing rate on the balance sheet date.
(iii) Share Capital including Share Application Money is translated at historical rates.
(iv) The resulting exchange difference is accumulated in 'Foreign Currency Translation Reserve'.

II Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between, the actual results and estimates are recognised in the period in which the results are known / materialise.

III Revenue recognition

- (i) Revenue is recognised when no significant uncertainty as to determination and realisation exists.
(ii) Dividend income is recognised when the Company's right to receive the dividend is established.
(iii) Interest income is recognised on time proportionate basis.

IV Investments

Investments classified as Long Term Investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of investments.

V Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are reported at the exchange rate prevailing on the balance sheet date. Exchange differences relating to long term monetary items are dealt with in the following manner:

- a) Exchange differences relating to long-term monetary items, arising during the period, in so far as those relate to the acquisition of a depreciable capital asset are added to / deducted from the cost of the asset and depreciated over the balance life of the asset.
- b) In other cases, such differences are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised to the statement of profit and loss over the balance life of the long-term monetary item.
- All other exchange differences are dealt with in the statement of profit and loss.

VI Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are disclosed by way of Notes to the financial statements. Disclosure is not made if the possibility of an outflow of future economic benefit is remote. Contingent assets are neither recognised nor disclosed in the financial statements.

VII Cash Flow Statement

The Cash Flow Statement is prepared using the "indirect method" set out in Accounting Standard (AS-3) "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Company. Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and unencumbered, highly liquid bank balances.

ALOK INDUSTRIES INTERNATIONAL LIMITED

NOTES TO FINANCIAL STATEMENT FOR THE PERIOD 01 APRIL 2015 TO 31 MARCH 2016

| PARTICULARS | AS AT | AS AT | AS AT | AS AT |
|--|-----------------------|--------------------|-----------------------|--------------------|
| | 31-Mar-16 Rupees | 31-Mar-16 USD | 31-Mar-15 Rupees | 31-Mar-15 USD |
| 3. SHARE CAPITAL | | | | |
| (a) Authorised | | | | |
| 50,000 Equity Shares of USD 1 each | 2,213,940 | 50,000 | 2,213,940 | 50,000 |
| 200,000,000 Cumulative Preference Shares of USD 1 each | 9,157,317,000 | 200,000,000 | 9,157,317,000 | 200,000,000 |
| 100,000,000 Class A Redeemable Preference Shares of USD 1 par value each | 4,465,000,000 | 100,000,000 | 4,465,000,000 | 100,000,000 |
| 100,000,000 Class B Redeemable Preference Shares of USD 1 par value each | 4,465,000,000 | 100,000,000 | 4,465,000,000 | 100,000,000 |
| | <u>18,089,530,940</u> | <u>400,050,000</u> | <u>18,089,530,940</u> | <u>400,050,000</u> |
| (b) Issued, subscribed and fully paid up | | | | |
| Equity Share Capital | | | | |
| 50,000 Equity Shares of USD 1 each fully paid up | 2,213,940 | 50,000 | 2,213,940 | 50,000 |
| TOTAL | <u>2,213,940</u> | <u>50,000</u> | <u>2,213,940</u> | <u>50,000</u> |

Note:

- a) There was no movement in share capital during the period and the previous period.
b) Reconciliation of equity shares outstanding at the beginning and at the end of reporting period

Number of Equity Shares

| Particulars | AS AT | AS AT |
|-----------------|-----------|-----------|
| | 31-Mar-16 | 31-Mar-15 |
| Opening balance | 50,000 | 50,000 |
| Closing balance | 50,000 | 50,000 |

Amount of Equity Shares

| Particulars | AS AT | AS AT | AS AT | AS AT |
|-----------------|---------------------|------------------|---------------------|------------------|
| | 31-Mar-16 Rupees | 31-Mar-16 USD | 31-Mar-15 Rupees | 31-Mar-15 USD |
| Opening balance | 2,213,940 | 50,000 | 2,213,940 | 50,000 |
| Closing balance | 2,213,940 | 50,000 | 2,213,940 | 50,000 |

c) Terms/rights attached to equity shares

The company has only one class of equity shares having par value of USD 1/- per share. Each holder of equity share is entitled to one vote per shares. The shareholders are entitled for dividend in USD as and when recommended by the Board of Directors and approved by the Shareholders at the Annual General Meeting. Further, in the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholder.

d) Shareholder holding more than 5 percent of the Share Capital

| Name of the shareholder | 31-Mar-16 | | 31-Mar-15 | |
|-----------------------------|--------------|-----|--------------|-----|
| | No of shares | % | No of shares | % |
| Alok Infrastructure Limited | 50,000 | 100 | 50,000 | 100 |

4. RESERVES AND SURPLUS

a) Foreign currency translation reserve

| | | | | |
|-----------------------------------|------------------------|---|----------------------|---|
| Balance as per last Balance Sheet | (806,577,019) | - | (633,384,312) | - |
| Less : During the period | (757,581,652) | - | (173,192,707) | - |
| | <u>(1,564,158,671)</u> | | <u>(806,577,019)</u> | |

b) Deficit in the Statement of Profit and Loss

| | | | | |
|-----------------------------------|-------------------------|----------------------|-------------------------|----------------------|
| Balance as per last Balance Sheet | (11,781,457,193) | (201,130,994) | (2,357,240,554) | (47,653,596) |
| Loss for the period | (384,166,689) | (5,868,627) | (9,424,216,639) | (153,477,397) |
| | <u>(12,165,623,882)</u> | <u>(206,999,621)</u> | <u>(11,781,457,193)</u> | <u>(201,130,993)</u> |
| TOTAL | <u>(13,729,782,553)</u> | <u>(206,999,621)</u> | <u>(12,588,034,212)</u> | <u>(201,130,993)</u> |

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ALOK INDUSTRIES INTERNATIONAL LIMITED

NOTES TO FINANCIAL STATEMENT FOR THE PERIOD 01 APRIL 2015 TO 31 MARCH 2016

| PARTICULARS | AS AT 31-Mar-16 Rupees | AS AT 31-Mar-16 USD | AS AT 31-Mar-15 Rupees | AS AT 31-Mar-15 USD |
|---|------------------------------|---------------------------|------------------------------|---------------------------|
| 5. LONG-TERM BORROWINGS (Unsecured) | | | | |
| Compulsorily Convertible Debentures (Refer note (i) below) | 2,436,672,749 | 36,734,000 | 2,435,095,074 | 38,905,000 |
| Compulsorily Convertible Debentures (Refer note (ii) below) | 1,525,656,700 | 23,000,000 | 1,439,588,400 | 23,000,000 |
| Compulsorily Convertible Bonds (Refer note (iii) below) | 3,747,808,850 | 56,500,000 | 3,536,380,200 | 56,500,000 |
| Loan from related party (refer note no. 16) | 1,559,757,856 | 23,514,091 | 1,471,765,775 | 23,514,091 |
| TOTAL | 9,269,896,155 | 139,748,091 | 8,882,829,449 | 141,919,091 |

Additional Information

Compulsorily Convertible Debentures

- (i) Compulsorily Convertible Debentures of USD 38,905,000 (Previous period USD 38,905,000) issued to Triumphant Victory Holdings Limited are redeemable by way of bullet payment at the end of five years from 25 March 2014 as agreed between The Company and Triumphant Victory Holdings Limited vide letter dated 25 March 2014.
- (ii) Compulsorily Convertible Debentures issued to Alok Worldwide Limited, a fellow subsidiary of USD 23,000,000 are redeemable at the end of five years from 25 March 2014 as mutually decided between the issuer and holder vide letter dated 25 March 2014.
- (iii) During an earlier year, the company had issued Unsecured floating rate Compulsorily Convertible bonds for an aggregate amount of Rs 252 crores (USD 56.50 million) to Deutsche Bank, AG, Singapore branch, with a green shoe option of Rs 111 crores (USD 25 million). Such bonds are convertible into Class A preference shares of the Company at the end of maturity i.e. July 2014. The bonds have been issued at discount of Rs. 290,225,000 (USD 6.5 million), which has been recognized over period of such bonds.
- Grabal Alok International Limited, fellow subsidiary of the Company (Alok BVI) had entered into a 'put option' deed with Deutsche Bank, AG, Hong Kong branch, pursuant to which it has agreed to purchase the bonds from the holders of the bonds on scheduled put option dates between the 33rd month (July 2013) to 42nd month (April 2014) from the issue date mentioned in the put option deed.
- During the previous period, Grabal Alok BVI has purchased the remaining Compulsorily Convertible Bonds aggregating to Rs. 2,662,659,331 (USD 42,582,150) (previous period Rs. 873,720,869 (USD 13,917,850)) from Deutsche Bank such Compulsorily Convertible Bonds are now interest free as mutually decided between the Company and Grabal Alok BVI.

6. SHORT-TERM BORROWINGS (Unsecured)

| | | | | |
|---|----------------------|--------------------|----------------------|--------------------|
| Compulsorily Convertible Debentures (Refer note no. 16) | - | - | 2,409,745,800 | 38,500,000 |
| Temporary overdrawn bank balance | 13,548 | 204 | - | - |
| Loans and advances from related party (Refer note no. 16) | 8,466,039,395 | 127,629,568 | 6,446,689,274 | 102,997,394 |
| TOTAL | 8,466,052,943 | 127,629,772 | 8,856,435,074 | 141,497,394 |

7. TRADE PAYABLES

| | | | | |
|------------------------|----------------|--------------|----------------|---------------|
| Creditors for services | 188,630 | 2,844 | 674,160 | 10,771 |
| TOTAL | 188,630 | 2,844 | 674,160 | 10,771 |

8. OTHER CURRENT LIABILITIES

| | | | | |
|--|----------------------|-------------------|--------------------|-------------------|
| Current maturity of long term borrowings (Refer note no. 16) | 2,553,816,650 | 38,500,000 | - | - |
| Due to Grabal Alok (UK) Limited towards convertible loan notes | 1,041,600,889 | 15,702,629 | 982,840,083 | 15,702,629 |
| Advance from related party (refer note no. 16) | 4,227,690 | 63,734 | - | - |
| TOTAL | 3,599,645,229 | 54,266,363 | 982,840,083 | 15,702,629 |

(2)

ALOK INDUSTRIES INTERNATIONAL LIMITED

NOTES TO FINANCIAL STATEMENT FOR THE PERIOD 01 APRIL 2015 TO 31 MARCH 2016

| PARTICULARS | AS AT 31-Mar-16 Rupees | AS AT 31-Mar-16 USD | AS AT 31-Mar-15 Rupees | AS AT 31-Mar-15 USD |
|--|---|---|---|---|
| 9. NON CURRENT INVESTMENTS (Unquoted) | | | | |
| Investments in Equity Instruments | | | | |
| In Subsidiary Companies | | | | |
| Alok European Retail S.R.O. 200 Equity Shares of CZK 1000 each Less: provision for diminution in value of investment | 830,488 (830,488) | 12,520 (12,520) | 783,637 (783,637) | 12,520 (12,520) |
| Mileta, a.s. (refer note 1) 11,80,152 Equity Shares of CZK 196 each Less: provision for diminution in value of investment | 1,110,518,930 (416,564,973) 693,953,957 | 16,741,601 (6,279,915) 10,461,686 | 1,047,870,186 (393,064,904) 654,805,282 | 16,741,601 (6,279,915) 10,461,686 |
| Others | | | | |
| Grabal Alok (UK) Limited (Refer note 2) 41,350,197,008 Equity Shares of GBP 0.001 each Less: provision for diminution in value of investment | 9,540,755,038 (9,540,755,038) | 143,831,418 (143,831,418) | 9,002,523,490 (9,002,523,490) | 143,831,418 (143,831,418) |
| Investment in Preference shares | | | | |
| In Subsidiary Companies - Unquoted | | | | |
| Grabal Alok International Limited 11,970,552 1% Cumulative Redeemable Preference shares of USD 1/- each | 794,041,429 | 11,970,552 | 749,246,426 | 11,970,552 |
| Triumphant Victory Holdings Limited 750,000 0% Redeemable Preference Shares of USD 1 each | 49,749,675 | 750,000 | 46,943,100 | 750,000 |
| Others | | | | |
| Convertible Loan Notes of Grabal Alok UK (Refer note no. 17b) | 2,227,391,264 | 33,578,982 | 2,101,735,355 | 33,578,982 |
| PowerCor LLC Subscription towards 5% Group B Membership Interest Less: provision for diminution in value of investment | 491,216,683 (491,216,683) | 7,405,325 (7,405,325) | 463,505,216 (463,505,216) | 7,405,325 (7,405,325) |
| Aisle5 LLC 22 senior units of the equity capital Less: provision for diminution in value of Investment | 86,896,099 (86,896,099) | 1,310,000 (1,310,000) | 81,993,948 (81,993,948) | 1,310,000 (1,310,000) |
| TOTAL | 3,765,136,325 | 56,761,220 | 3,552,730,163 | 56,761,220 |

Note:

- 1) 11,80,152 equity shares in Mileta a.s. are pledged in favor of Axis Trustee Services Limited for the credit facility sanctioned by Axis Bank & Exim Bank to Alok Industries Limited.
- 2) 37,417,197,008 equity shares in Grabal Alok (UK) Ltd. are pledged in favor of Axis Trustee Services Limited for the credit facility sanctioned by Axis Bank & Exim Bank to Alok Industries Limited.

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ALOK INDUSTRIES INTERNATIONAL LIMITED

NOTES TO FINANCIAL STATEMENT FOR THE PERIOD 01 APRIL 2015 TO 31 MARCH 2016

| PARTICULARS | AS AT 31-Mar-16 Rupees | AS AT 31-Mar-16 USD | AS AT 31-Mar-15 USD | AS AT 31-Mar-15 USD |
|---|------------------------------|---------------------------|---------------------------|---------------------------|
| 10. LONG-TERM LOANS AND ADVANCES (Unsecured) (considered good) | | | | |
| Prepaid expenses | 40,905,289 | 616,667 | 67,545,905 | 1,079,167 |
| TOTAL | 40,905,289 | 616,667 | 67,545,905 | 1,079,167 |
| 11. CASH AND BANK BALANCES | | | | |
| Balance with bank In current accounts | 284,501 | 4,289 | 1,433,553 | 22,904 |
| TOTAL | 284,501 | 4,289 | 1,433,553 | 22,904 |
| 12. SHORT-TERM LOANS AND ADVANCES (Unsecured) (considered good) | | | | |
| Loans & advances to related parties (Refer note no. 16) | 3,706,800,017 | 55,881,773 | 2,486,300,628 | 39,723,101 |
| Loans & advances to Others | 64,409,246 | 971,000 | - | - |
| Others - prepaid expenses | 30,678,966 | 462,500 | 28,948,245 | 462,500 |
| | 3,801,888,229 | 57,315,273 | 2,515,248,873 | 40,185,601 |
| Considered Doubtful | | | | |
| Loans and advances to related parties (Refer note no. 16) | 9,589,747 | 144,570 | 9,048,752 | 144,570 |
| Others | 142,367,594 | 2,146,259 | 134,336,078 | 2,146,259 |
| Advance to Axis bank (Refer note no. 18) | 3,316,645 | 50,000 | 3,129,540 | 50,000 |
| | 155,273,986 | 2,340,829 | 146,514,370 | 2,340,829 |
| Less : Provision for doubtful advance | (155,273,986) | (2,340,829) | (146,514,370) | (2,340,829) |
| | - | - | - | - |
| TOTAL | 3,801,888,229 | 57,315,273 | 2,515,248,873 | 40,185,601 |

| PARTICULARS | 12 MONTHS ENDED 31-MAR-16 | | 18 MONTHS ENDED 31-Mar-15 | |
|--|---------------------------|------------------|---------------------------|--------------------|
| | Rupees | USD | Rupees | USD |
| 13. OTHER INCOME | | | | |
| Interest on loans and advances (Refer note no. 16) | - | - | 20,893,596 | 340,261 |
| Exchange rate difference gain (net) | 14,015,929 | 214,112 | - | - |
| Sundry balance written back | 633,526 | 9,678 | 79,668,055 | 1,297,428 |
| TOTAL | 14,649,455 | 223,790 | 100,561,651 | 1,637,689 |
| 14. FINANCE COSTS | | | | |
| Interest expense | 223,935,335 | 3,420,893 | 425,301,253 | 6,926,213 |
| Other borrowing cost | 172,378,344 | 2,633,296 | 245,434,236 | 3,997,002 |
| TOTAL | 396,313,679 | 6,054,189 | 670,735,489 | 10,923,215 |
| 15. OTHER EXPENSES | | | | |
| Legal and professional fees | 712,279 | 10,881 | 38,436 | 626 |
| Auditor's remuneration (including Service Tax) | 68,700 | 1,049 | 674,160 | 10,979 |
| Fees rates and taxes | 72,007 | 1,100 | - | - |
| Demat Charges (include prior period expense of USD Nil (previous period USD 128,246 INR 7,874,893)) | 803,586 | 12,276 | 9,106,520 | 148,304 |
| Exchange rate difference | - | - | 10,924,305 | 177,904 |
| Provision for diminution in value of Investment | - | - | 8,831,909,172 | 143,831,418 |
| Bank Charges | 845,893 | 12,922 | 1,390,208 | 22,640 |
| TOTAL | 2,502,465 | 38,228 | 8,854,042,801 | 144,191,871 |

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ALOK INDUSTRIES INTERNATIONAL LIMITED

NOTES TO FINANCIAL STATEMENT FOR THE PERIOD 01 APRIL 2015 TO 31 MARCH 2016

16. RELATED PARTIES DISCLOSURES

As per Accounting Standard AS (AS) 18 "Related Party Disclosures", Company's related parties disclosed as below:

| I | Names of related party and nature of relationship | Ultimate Holding Company |
|---|---|-----------------------------|
| | Alok Industries Limited | Ultimate Holding Company |
| | Alok Infrastructure Limited | Holding Company |
| | Mileta, a.s. | Subsidiary |
| | Grabal Alok (UK) Limited | Associate Company |
| | Grabal Alok International Limited | Fellow Subsidiary |
| | Alok Worldwide Limited | Fellow Subsidiary |
| | Alok International Inc. | Fellow Subsidiary |
| | Triumphant Victory Holdings Limited | Entity Under Common Control |

II Transactions with Related parties

| Transaction | In Rupees | In USD |
|--|-----------------|--------------|
| Equity Share Capital | | |
| Alok Infrastructure Limited | | |
| Balance as at 1 April | 2,213,940 | 50,000 |
| | (2,213,940) | (50,000) |
| Balance as at 31 March | 2,213,940 | 50,000 |
| | (2,213,940) | (50,000) |
| Long term borrowings (Includes Long term borrowings, & current liabilities) | | |
| Alok Worldwide Limited | | |
| Balance as at 1 April | 2,911,354,175 | 46,514,091 |
| | - | - |
| Issued during the period | 9,735,763 | 148,726 |
| | (2,855,965,187) | (46,514,091) |
| Translation difference during the period | 168,552,308 | (84,992) |
| | (55,388,988) | - |
| Balance as at 31 March | 3,089,642,246 | 46,577,825 |
| | (2,911,354,175) | (46,514,091) |
| Triumphant Victory Holdings Limited | | |
| Balance as at 1 April | 4,844,840,874 | 77,405,000 |
| | (4,394,390,000) | (70,000,000) |
| Issued / (Repaid) during the period | (142,115,976) | (2,171,000) |
| | 454,667,000 | 7,405,000 |
| Translation difference during the period | 287,764,501 | - |
| | (4,216,126) | - |
| Balance as at 31 March | 4,990,489,399 | 75,234,000 |
| | (4,844,840,874) | (77,405,000) |
| Compulsory Convertible Bonds | | |
| Grabal Alok International Limited | | |
| Balance as at 1 April | 3,536,380,200 | 56,500,000 |
| | (873,720,869) | (13,917,850) |
| Issued during the period | - | - |
| | (2,614,739,447) | (42,582,150) |
| Translation difference during the period | 211,428,650 | - |
| | (47,919,884) | - |
| Balance as at 31 March | 3,747,808,850 | 56,500,000 |
| | (3,536,380,200) | (56,500,000) |
| Short-Term Borrowings | | |
| Triumphant Victory Holdings Limited | | |
| Balance as at 1 April | 4,841,752,710 | 77,355,661 |
| | (3,551,831,011) | (56,578,540) |
| Received during the period | (77,712,367) | (1,187,154) |
| | (1,275,715,229) | (20,777,121) |
| Translation difference during the period | 427,103,183 | 2,090,449 |
| | (14,206,470) | - |
| Balance as at 31 March | 5,191,143,526 | 78,258,956 |
| | (4,841,752,710) | (77,355,661) |
| Alok Infrastructure Limited | | |
| Balance as at 1 April | 1,534,150,263 | 24,510,795 |
| | - | - |
| Received during the period | 1,578,004,476 | 24,106,000 |
| | (1,504,962,813) | (24,510,795) |
| Translation difference during the period | 112,738,257 | - |
| | (29,187,450) | - |
| Balance as at 31 March | 3,224,892,996 | 48,616,795 |
| | (1,534,150,263) | (24,510,795) |

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ALOK INDUSTRIES INTERNATIONAL LIMITED

NOTES TO FINANCIAL STATEMENT FOR THE PERIOD 01 APRIL 2015 TO 31 MARCH 2016

| Transaction | In Rupees | In USD |
|---|--|------------------------------|
| Other current liabilities | | |
| Alok Industries Limited | | |
| Balance as at 31 March | 50,002,873 (47,113,603) | 753,817 (752,724) |
| Grabal Alok (UK) Limited | | |
| Balance as at 31 March | 1,041,600,889 (982,840,083) | 15,702,629 (15,702,629) |
| Investment (including Equity shares, convertible loan notes & CCBs) | | |
| Grabal Alok (UK) Limited | | |
| Balance as at 1 April | 11,104,258,845 (8,464,112,992) | 177,410,400 (134,828,249) |
| Invested during the period | - | - |
| Translation difference during the period | (2,614,739,508) 663,887,457 (25,406,345) | (42,582,151) - |
| Balance as at 31 March | 11,768,146,302 (11,104,258,845) | 177,410,400 (177,410,400) |
| Grabal Alok International Limited | | |
| Balance as at 31 March | 794,041,429 (749,246,426) | 11,970,552 (11,970,552) |
| Mileta A.S | | |
| Balance as at 31 March | 1,110,518,930 (1,047,870,186) | 16,741,601 (16,741,601) |
| Triumphant Victory Holdings Limited | | |
| Balance as at 31 March | 49,749,675 (46,943,100) | 750,000 (750,000) |
| Loans Given | | |
| Grabal Alok International Limited - Interest Free | | |
| Balance as at 1 April | 1,627,805,117 (1,087,746,809) | 26,007,099 (17,327,155) |
| Given during the period | (298,633) (532,988,399) | (4,562) (8,679,944) |
| Repaid during the period | - | - |
| Translation difference during the period | 97,317,181 (7,069,908) | - |
| Balance as at 31 March | 1,724,823,665 (1,627,805,117) | 26,002,537 (26,007,099) |
| Mileta, a.s | | |
| Balance as at 1 April | 294,634,474 (547,699,569) | 4,707,313 (8,724,526) |
| Interest accrued during the period | 10,591,069 (13,674,065) | 161,792 (222,688) |
| Given during the period | (35,118,397) | (571,918) |
| Translation difference during the period | (31,703,309) 8,628,645 | (214,000) 36,461 |
| Converted/repaid/adjusted during the period | 18,637,602 (222,992,118) | 284,713 (3,631,522) |
| Balance as at 31 March | 318,291,250 (294,634,474) | 4,798,392 (4,707,313) |
| Grabal Alok (UK) Limited | | |
| Balance as at 1 April | 310,869,023 (53,360,451) | 4,966,689 (850,000) |
| Given during the period | - | - |
| Repaid/Adjusted during the period | (216,603,462) - | (3,527,480) - |
| Translation difference during the period | (36,177,433) 18,585,847 (4,727,678) | (589,209) - |
| Balance as at 31 March | 329,454,870 (310,869,023) | 4,966,689 (4,966,689) |
| Alok Infrastructure Limited | | |
| Balance as at 1 April | - | - |
| Given/Adjusted during the period | (484,446,171) - | (7,716,937) - |
| Repaid during the period | - | - |
| Translation difference during the period | (432,321,484) - | (7,716,937) - |
| Balance as at 31 March | 52,124,687 - | - |

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ALOK INDUSTRIES INTERNATIONAL LIMITED

NOTES TO FINANCIAL STATEMENT FOR THE PERIOD 01 APRIL 2015 TO 31 MARCH 2016

| Transaction | In Rupees | In USD |
|--|------------------------------|--------------------------|
| Interest Expenses | | |
| Triumphant Victory Holdings Limited | | |
| Paid during the period | 150,556,296 (259,289,611) | 2,299,936 (4,222,642) |
| Alok Worldwide Limited | | |
| Paid during the period | 73,073,469 (66,802,128) | 1,116,289 (1,087,901) |
| Borrowing Cost | | |
| Triumphant Victory Holdings Limited | | |
| | 1,309,221 (2,737,908) | 20,000 (44,588) |
| Alok Worldwide Limited | | |
| | 76,871,177 (89,568,585) | 1,174,304 (1,458,663) |
| Interest Income | | |
| Mileta a.s. | | |
| Accrued during the period | 10,591,069 (20,893,596) | 161,792 (340,261) |

* Figures of previous year are given in bracket.

17. a) During an earlier year, Grabal Alok UK Limited (Grabal Alok UK), a fellow subsidiary of the Company had issued unsecured floating rate compulsorily convertible bonds ("Bonds") for an aggregate amount of up to Rs 252 crores (U.S\$ 56.50 million) to Deutsche Bank AG, Singapore Branch, with a green shoe option of Rs 111 crores (USD 25 million). The Bonds will be convertible into ordinary shares of GBPO.001 each of the Grabal Alok UK at the end of maturity.

The Company, had entered into a 'put option' deed with Deutsche Bank AG, Hong Kong branch, pursuant to which it has agreed to purchase the bonds from the holders of the bonds between the 33rd month (July 2013) to 42nd month (April 2014) from the Issue date mentioned in the put option deed.

Accordingly, the company has purchased compulsorily convertible bonds of USD Nil (previous period USD 56,500,000 carried at Rs. 3,536,380,200) from Deutsche bank. Such bonds were converted into 41,113,226,000 Equity shares of GBP 0.001 each on 27 March 2015.

- b) The Company has exposure of USD 166,674,460 (Rs. 10,432,287,786) in Grabal Alok (UK) Ltd ("GA UK"), an associate company, which runs a chain of value format clothing stores under the brand "Store Twenty One" across UK, Scotland and Wales. The exposure includes Investments in equity shares of USD 143,831,418 (Rs 9,540,755,038), investment in convertible loans and bonds (net) of USD 33,578,982 (Rs 2,227,391,264) and loan given of USD 4,966,689 (Rs. 329,454,870) as on 31 March 2016.

The management of Alok Industries Ltd ("Holding company") is considering exiting this business since the group's efforts in revamping the business have not made much headway primarily due to economic downturn in the UK economy. At the same time, GA UK, with support from the holding company is working on plans / options to turnaround this company and with a visible revival of the UK economy, believes that there is significant value which can be realised. Further, the Holding Company management, in the process of assessing the recoverability of goodwill on consolidation relating to GA UK appearing in their balance sheet, got in to certain early stage negotiations with potential buyers which indicates a recoverable value of approximately Rs. 450 crores.

The management of this company has out of abundant precaution recognised a diminution in the financial statements. The Company has recognised "other than temporary" diminution in investments of USD 143,831,418 (Rs 9,540,755,038).

18. During an earlier year, the Company entered into a Silent Risk Participation Agreement (SRPA) with Axis Bank with respect to loan of USD 3.5 million taken by Grabal Alok (UK) Limited from Lehman Bros. In pursuance of such agreement, Axis bank took over Lehman's share of loan and transferred it to the Company. By virtue of this agreement, the Company paid USD 3.5 million plus interest thereon to Axis Bank in the earlier year and accounted for such amount as recoverable from Grabal Alok (UK) Limited.

However, on liquidation of Lehman Bros, the liquidator did not recognise such SRPA and the payment already made by Axis Bank to Lehman Bros of USD 3.5 million. As per the liquidation procedures, Grabal Alok (UK) Limited was required to pay USD 3.5 million to Lehman, though already paid by the Company on its behalf through Axis Bank. Since the payment to Lehman was made twice, Axis Bank is now in discussions with Liquidator of Lehman Bros for refund of USD 3.5 million paid by it. The Company has accounted such amount as recoverable from Lehman Brother through Axis Bank. Axis bank has confirmed to the Company that such matter has been taken up with Lehman and that it would refund the USD 3.5 million plus interest or the settled amount to the Company as and when it will receive it from the liquidator of Lehman Bros. However, out of abundant caution, the Company has made a provision of USD 3.5 million plus interest of USD 477,665 as doubtful of recovery in the previous year. During the period the company has recovered USD Nil (previous period USD 1,297,428) the same has been disclosed in Other Income & accordingly provision amount has been reduced.

19. SEGMENT REPORTING

The Company is engaged in the business of making strategic long term investments and other short term investments and all activities revolve around such business. Accordingly, this is the only reportable segment of the Company.

20. EARNINGS PER SHARE (EPS)

| Particulars | 12 MONTHS ENDED 31-MAR-16 | | 18 MONTHS ENDED 31-Mar-15 | |
|---|---------------------------|-------------|---------------------------|---------------|
| | Rupees | USD | Rupees | USD |
| Loss for the period | (384,166,689) | (5,868,627) | (9,424,216,639) | (153,477,397) |
| Weighted average number of equity shares | 50,000 | 50,000 | 50,000 | 50,000 |
| Nominal Value of equity share | N.A. | 1.00 | N.A. | 1.00 |
| Basic and Diluted Earnings per share (not annualised) | (7,683.33) | (117.37) | (188,484.33) | (3,069.55) |

21.

DERIVATIVE FINANCIAL INSTRUMENTS

- a) There are no derivative instruments outstanding as at period end.
 b) The period end foreign currency exposure that has not been hedged by derivative instruments or otherwise are as below:

| Particulars | Foreign Currency | Amt in Foreign Currency | Rupees | USD |
|----------------------------------|------------------|-------------------------|---------------|--------------|
| Cash and Bank Balance | Euro | - | - | - |
| | | (2,079) | (140,391) | (2,243) |
| | GBP | 6 | 597 | 9 |
| | | (6) | (626) | (10) |
| Loans given | Euro | 4,000,000 | 17,909,346 | 4,528,400 |
| | | (4,020,000) | (23,242,518) | (4,335,972) |
| | GBP | 3,464,729 | 329,454,870 | 4,966,689 |
| | | (-) | (-) | (-) |
| Temporary overdrawn bank balance | Euro | 180 | 13,548 | 204 |
| | | - | - | - |
| Sundry Creditors | GBP | 10,954,049 | 1,041,600,889 | 15,702,629 |
| | | (10,629,995) | (982,840,083) | (15,702,629) |
| | INR | 68,700 | 68,700 | 1,036 |
| | | (674,160) | (674,160) | (10,771) |

*Figures of Previous year are given in bracket

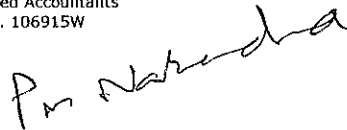
22. EXPENDITURE IN FOREIGN CURRENCY

All transactions reflected in these financial statements are in foreign currency i.e. other than Indian rupees.

23. The information contained in the financial statements for the year ended 31 March 2016, disclosed in US dollar is extracted from the books of accounts locally maintained and converted into Indian Rupees as disclosed under basis of preparation stated above. The amounts in Balance Sheet, Statement of Profit and Loss and cash flow statement are rounded off to the nearest Rupee / USD. Previous period figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Signatures to Notes 1 to 23

For Narendra Poddar & Co.
Chartered Accountants
FRN No. 106915W



Narendra Poddar, Proprietor
Membership No. 41256

For and on behalf of the Board

Ashok B. Jiwrajka
Director

Dilip B. Jiwrajka
Director

Surendra B. Jiwrajka
Director

Mumbai, 24th May, 2016