



Audit & Tax Services

Ref. 69-AB
26.05.2016

COMPONENT AUDITOR'S REPORT ON THE GROUP REPORTING PACKAGE

Appropriate Address

Att: Kalpataru Power Transmission Limited Group

Dear Sir or Madam,

we have audited the accompanying Group Reporting Package of «KALPATARU POWER TRANSMISSION UKRAINE LIMITED LIABILITY COMPANY, UKRAINE», comprising the Balance sheet as at March 31, 2016, and the Profit & loss statement and statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory notes. The Group Reporting Package has been prepared to enable «Kalpataru Power Transmission Limited Group» to prepare consolidated financial statements, and not for any other purpose. Accordingly, the information contained in the package is not intended to, and does not give a true and fair view of the financial position of the component as at March 31, 2016, nor of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards. This report is issued solely for the use of «Kalpataru Power Transmission Limited Group», in connection with its audit of the consolidated financial statements for the year ended March 31, 2016.

Management's Responsibility for the Group Reporting Package

Management is responsible for the preparation and presentation of the Group Reporting Package in accordance with the reporting requirements of the Group. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of financial information of the Group Reporting Package that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Component Auditor's Responsibility


Our responsibility is to express an opinion on the Group Reporting Package based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Group Reporting Package. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Group Reporting Package, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the component's preparation and

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presentation of the Group Reporting Package 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 component's internal control. 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 Group Reporting Package.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Unqualified Opinion

In our opinion the Group Reporting Package of «KALPATARU POWER TRANSMISSION UKRAINE LIMITED LIABILITY COMPANY, UKRAINE», as of March 31, 2016 has been properly prepared in all material respects to give the information required to be shown in accordance with the Group guidelines for use in the preparation of the consolidated financial statements for the year then ended.

- (a) The branch is regular in depositing with appropriate authorities all applicable undisputed statutory dues and other material statutory dues like income tax, Withholding Tax, Social Security etc applicable to it.
- (b) According to the information and explanations given to us; no undisputed amounts payable in respect of statutory dues referred to in (1) (a) above were in arrears, as at March 31, 2016 for the period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, withholding tax, custom duty, which have not been deposited on account of any dispute.

General Director
HLB UKRAINE LLC
Certificate No. 006812 ACU
Certificate ACCA DipIFR No. 1734596



Olga Samusieva

May 26, 2016

HLB UKRAINE LLC
11/11, Gusovskogo Street, of. 3, Kyiv, Ukraine

"KALPATARU POWER TRANSMISSION UKRAINE" LIMITED LIABILITY COMPANY, UKRAINE

Annual Report

and

Financial Statements

for the period Year ended

March 31, 2016

Limited Liability Company "HLB UKRAINE"

8 Panasa Myrnogo Street, office 6, Kyiv 01011, Ukraine

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"KALPATARU POWER TRANSMISSION UKRAINE" LIMITED LIABILITY COMPANY, UKRAINE

**Periodically Report and Financial Statements
for the Period ended March 31, 2016**

	Page
Table of contents	
Corporate information	1
Statement of Management's responsibilities	2
Report of the Director	3
Financial Statements :	
Profit & Loss Statement	4
Balance Sheet	5
Statement of cash flows	6
Notes to the financial statements	7-10

Corporate Information
for the period ended March 31, 2016

Director

Mr. Deepak Bagaria

Registered office and principal place of business

8-A Feodora Pushyna str.,
Office 502,
Kiev 03115 ,
Ukraine

Principal bankers

UkrSibbank
Ukraine

Independent auditor

Limited liability company "HLB UKRAINE"
8 Panasa Myrnogo Street, office 6, Kyiv 01011, Ukraine
Tel.: +38 044 222 6010
Fax: +38 044 569 1900
E-mail :office@hlb.com.ua

"KALPATARU POWER TRANSMISSION UKRAINE" LIMITED LIABILITY COMPANY, UKRAINE

**Statement of Management responsibilities
for the period ended March 31, 2016**

The Ukrainian Companies Act requires the management to prepare financial statements for each financial Quarter which give a true and fair view of the state of affairs of the KALPATARU POWER TRANSMISSION UKRAINE LLC referred as "KPTU LLC" thereafter, as at the end of the Quarter and of the profit or loss of the KPTU LLC for that period. It also requires the management to ensure that the KPTU LLC maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the KPTU LLC. They are also responsible for safeguarding the assets of the KPTU LLC.

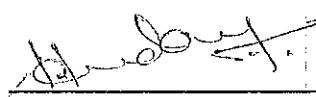
The management accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- selecting and applying appropriate accounting policies; and
- making accounting estimates that are reasonable in the circumstances.

The management are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the KPTU LLC as at March 31, 2016 and of its operating results and cash flows for the Quarter then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Ukrainian Companies Act.

The financial statements have been prepared on a going concern basis and the validity of this depends on continued financial support from creditors and its share holders.

Approved by the management on 25 May 2016 and signed on its behalf by:



Deepak Bagaria
Director

(Harmananda choudhary)

"KALPATARU POWER TRANSMISSION UKRAINE" LIMITED LIABILITY COMPANY, UKRAINE

**Director's Reports
for the period ended March 31, 2016**

The management submit their report together with the audited financial statements for the period ending March 31, 2016 which disclose the state of affairs of the KPTU LLC.

Activities

The principal activity of the KPTU LLC is to carry on the business of Contracting.

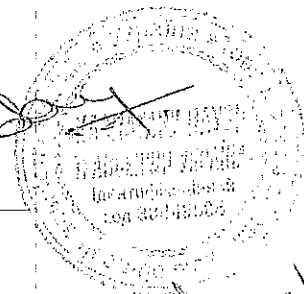
Results

The results for the year are as follows:

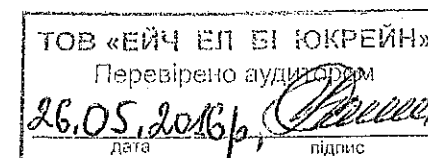
	Apr 15 - Mar 16 31-Mar-16 UAH	Apr 14 - Mar 15 31-Mar-15 UAH	Apr 13 - Mar 14 31-Mar-14 UAH	Start - Mar 13 31-Mar-13 UAH	Total Upto 31-Mar-2016 UAH
Profit before tax	(3,533,480.39)	3,618,107.58	4,245,625.21	(716,371.18)	3,613,881.22
CIT	365,585.00	2,257,609.00	403,447.00		3,026,641.00
Deferred	(1,053,980.00)	(1,352,946.49)	253,053.19		(2,153,873.30)
Profit/(Loss) for the year transferred to reserves	(2,845,085.39)	2,713,445.07	3,589,125.02	(716,371.18)	2,741,113.52

Deepak Bagaria
Director

Kiev



(Hemananda chowdary)



"KALPATARU POWER TRANSMISSION UKRAINE" LIMITED LIABILITY COMPANY, UKRAINE

Profit and Loss statement for the period ended 31st March, 2016

	Note No.	Amount in UAH	
		For the period ended 31st March 2016	For the period ended 31st March 2015
Income			
Revenue from operations	3	525,213,871.40	707,853,627.75
Sales Of Scrap	3	6,910,869.04	-
Profit on Sale of Fixed Asset	3	1,569,072.12	-
Other Income - Interest	3	58,684.94	21,660.05
Total		533,752,497.50	707,875,287.80
Expenses:			
Manufacturing and Operating Expenses	4	441,711,620.18	520,180,812.06
Employee Emoluments	4	15,366,596.91	15,612,961.45
Administrative, Selling and other expenses	4	5,457,351.43	4,238,440.66
Exchange Loss	4	71,587,701.17	160,125,503.80
Financial costs	5	405,622.08	847,171.88
Depreciation and amortization expense	6	2,757,086.12	3,252,290.37
Total		537,285,977.89	704,257,180.22
Profit (Loss) before exceptional and extraordinary items and tax		(3,533,480.39)	3,618,107.58
Exceptional Items		-	-
Profit (Loss) before extraordinary items and tax		(3,533,480.39)	3,618,107.58
Extraordinary Items		-	-
Profit (Loss) before tax		(3,533,480.39)	3,618,107.58
Tax expense:			
(1) Current tax		365,585.00	2,257,259.04
(2) Deferred tax		(1,053,980.00)	(1,352,946.49)
Profit (Loss) from the period from continuing operations		(2,845,085.39)	2,713,795.03
Profit (Loss) from discontinuing operations		-	-
Tax expense of discounting operations		-	-
Profit (Loss) from Discontinuing operations		-	-
Profit (Loss) for the period		(2,845,085.39)	2,713,795.03

ТОР КЕМП ЕН БІ УКРЕЙ «»
 Перевірено аудитором
 26.05.2016р. *[Signature]*

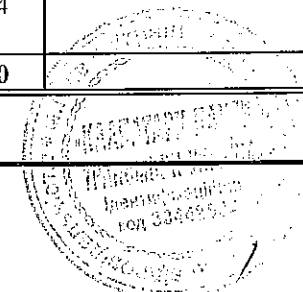
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"KALPATARU POWER TRANSMISSION UKRAINE" LIMITED LIABILITY COMPANY, UKRAINE

Balance Sheet as at 31st March , 2016

	Note No.	Amount in UAH	Amount in UAH
		As at 31st March 2016	As at 31st March 2015
<u>I. EQUITY AND LIABILITIES</u>			
Shareholder's Funds			
(a) Share Capital		399,650.00	399,650.00
(b) Reserves and Surplus		2,741,113.52	5,586,198.91
Non-Current Liabilities			
Deferred Tax Liabilities (Net)			
Current Liabilities			
(a) Trade Payables	7	42,086,164.12	577,289,905.60
(b) Other Current Liabilities	7	219,655.56	1,896,702.26
(c) Short Term Provisions	7	-	-
Total		45,446,583.20	585,172,456.77
<u>II. Assets</u>			
Non-current assets			
Fixed assets	8		
(i) Tangible assets		732,438.91	14,093,841.76
(ii) Intangible assets		-	152.47
Deferred Tax Asset (Net)		2,153,873.30	1,099,893.30
Current Assets			
(a) Inventories	9	207,224.01	188,723,747.43
(b) Trade receivables	10	33,010,477.76	242,072,007.52
(c) Short-term loans and advances	10	8,842,915.18	118,510,638.29
(d) Cash and cash equivalents	11	499,654.04	20,672,176.00
Total		45,446,583.20	585,172,456.77

ГОБ РЕВІЗОРІ **ІНТЕРАКТИВ**
 Перевірено аудитором
 26.05.2016 р.
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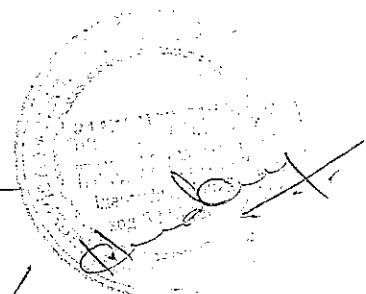
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Th. M. Choudhary

"KALPATATU POWER TRANSMISSION UKRAINE" LIMITED LIABILITY COMPAN

STATEMENT OF CASH FLOWS
for the period ended March 31, 2016

Statement of cash flows	31-Mar-16 Apr 15 - Mar 16 UAH	31-Mar-15 Apr 14 - Mar 15 UAH
Cash Flows from Operating Activities		
Net Profit/(Loss) before taxation	(3,533,480.39)	3,618,107.58
Adjustments for :		
Depreciation on property, plant and equipment	2,757,086.12	3,252,290.37
(Profit)/loss on disposal of property, plant and equipment	(1,569,072.12)	-
Operating profit / (loss) before working capital changes	<u>(2,345,466.39)</u>	<u>6,870,397.95</u>
Inventories	188,516,523.42	(9,713,607.21)
Trade and other receivables	209,061,529.76	(135,028,745.11)
Sundry deposits and Advances	110,995,083.11	(66,433,793.69)
Trade and other payables	<u>(536,880,788.18)</u>	<u>225,726,027.38</u>
Cash generated / (used) from operations	<u>(28,307,651.89)</u>	<u>14,549,881.37</u>
Income taxes	<u>(1,692,945.00)</u>	<u>(2,512,956.43)</u>
Net cash generated / (used) from operating activities	<u>(32,346,063.28)</u>	<u>18,907,322.89</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(129,353.62)	(7,891,886.80)
Sale of property, plant and equipment	12,302,894.94	
Net cash used in investing activities	<u>12,173,541.32</u>	<u>(7,891,886.80)</u>
Cash flows from financing activities		
Share Capital	-	-
Net cash generated from financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	(20,172,521.96)	11,015,436.09
Cash and cash equivalents at the beginning of the year	20,672,176.00	9,656,739.91
Cash inflow / (outflow) during the year	(20,172,521.96)	11,015,436.09
Cash and cash equivalents at the end of the year	<u>499,654.04</u>	<u>20,672,176.00</u>

ТОВ «ЕЙЧ ЕЛ БІ УКРЕЙН»
Перевірено аудитором
26.05.2016р.
дата
Менеджер



(Herravenda chavodan)

"KALPATARU POWER TRANSMISSION UKRAINE" LIMITED LIABILITY COMPANY, UKRAINE

**Financial statements
for the period ended March 31, 2016**

Notes to the financial statements (continued...)

2 **Basis of preparation and summary of significant accounting policies (continued...)**

a) **Income tax expense represents the sum of the tax currently payable & deferred tax.**

The tax currently payable is based on taxable profit for the Quarter, determined in accordance with the Tax Code of Ukraine. Deferred tax is provided for in the financial statements based on IAS 12 of International Financial Reporting Standards.

b) **Employee Benefit Cost**

The KPTU LLC contributes common social tax to Government Pension Fund. It is determined as 38.52% of Gross Salary. The KPTU LLC's contribution to the Social Security Fund are charged to the income statement in the Quarter to which they relate.

c) **Offsetting**

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

d) **Cash and cash equivalents**

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. In the balance sheet, bank overdrafts are included as borrowings under current liabilities.

e) **Financial liabilities**

Financial liabilities are initially recognized at the transaction price (including transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortized cost using the effective interest method.

	31-Mar-16 Apr 15 - Mar 16 UAH	31-Mar-15 Apr 14 - Mar 15 UAH
3 Revenue		
Contract revenue	525,213,871.40	707,853,627.75
Sales Of Scrap	6,910,869.04	-
Profit on Sale of Fixed Asset	1,569,072.12	-
Interest Income	58,684.94	21,660.05
	<u>533,752,497.50</u>	<u>707,875,287.80</u>
4 Other operating Expenses		
Employee Emoluments	15,366,596.91	15,612,961.45
Manufacturing and Operating Expenses	441,711,620.18	520,180,812.06
Administrative, Selling and other expenses	5,457,351.43	4,238,440.66
Exchange Loss	71,587,701.17	160,125,503.80
	<u>534,123,269.69</u>	<u>700,157,717.97</u>
5 Financial costs		
Bank charges	405,622.08	847,171.88
	<u>405,622.08</u>	<u>847,171.88</u>
6 Depreciation and Amortization expense		
Depreciation on property, plant and equipment	2,757,086.12	3,252,290.37
	<u>2,757,086.12</u>	<u>3,252,290.37</u>

"KALPATARU POWER TRANSMISSION UKRAINE" LIMITED LIABILITY COMPANY, UKRAINE

Financial Statements
for the period ended March 31, 2016

Notes to the financial statements (continued...)

			31-Mar-16 Apr 15 - Mar 16 UAH	31-Mar-15 Apr 14 - Mar 15 UAH		
7 Trade and other payables						
Trade payables			42,086,164.12	577,289,905.60		
Statutory Liabilities			67,319.56	334,248.08		
Other Liabilities			152,336.00	1,562,454.18		
			<u>42,305,819.68</u>	<u>579,186,607.86</u>		
8 Property, plant and equipment						
	Plant and machinery	Computers	Motor vehicles	Office equipments	Furniture & Fixtures	Total
Cost						
As on April 1, 2013	229,433.67	7,854.17	407,152.49	-	-	644,440.33
Additions	7,949,406.32	63,199.14	1,952,878.49	56,914.30	-	10,022,398.25
As on March 31, 2014	<u>8,178,839.99</u>	<u>71,053.31</u>	<u>2,360,030.98</u>	<u>56,914.30</u>	<u>-</u>	<u>10,666,838.58</u>
Accumulated depreciation and impairment						
As on April 1, 2013	-	423.52	-	-	-	423.52
Annual depreciation	771,413.01	27,895.83	404,962.00	7,746.42	-	1,212,017.26
As at March 31, 2014	<u>771,413.01</u>	<u>28,319.35</u>	<u>404,962.00</u>	<u>7,746.42</u>	<u>-</u>	<u>1,212,440.78</u>
Carrying amount						
As on March 31, 2014	<u>7,407,426.98</u>	<u>42,733.96</u>	<u>1,955,068.98</u>	<u>49,167.88</u>	<u>-</u>	<u>9,454,397.80</u>
Cost						
As on April 1, 2014	8,178,839.99	71,053.31	2,360,030.98	56,914.30	-	10,666,838.58
Additions	7,382,103.12	26,983.67	457,466.68	25,333.33	-	7,891,886.80
As at March 31, 2015	<u>15,560,943.11</u>	<u>98,036.98</u>	<u>2,817,497.66</u>	<u>82,247.63</u>	<u>-</u>	<u>18,558,725.38</u>
Accumulated depreciation and impairment						
As on April 1, 2014	771,413.01	28,319.35	404,962.00	7,746.42	-	1,212,440.78
Annual depreciation	2,646,313.89	45,232.64	541,691.52	19,052.32	-	3,252,290.37
As at March 31, 2015	<u>3,417,726.90</u>	<u>73,551.99</u>	<u>946,653.52</u>	<u>26,798.74</u>	<u>-</u>	<u>4,464,731.15</u>
Carrying amount						
As at March 31, 2015	<u>12,143,216.21</u>	<u>24,484.99</u>	<u>1,870,844.14</u>	<u>55,448.89</u>	<u>-</u>	<u>14,093,994.23</u>
Cost						
As on April 1, 2015	15,560,943.11	98,036.98	2,817,497.66	82,247.63	-	18,558,725.38
Additions	64,625.00	24,113.52	-	35,265.10	5,350.00	129,353.62
Deletion	(15,553,124.55)	(5,670.00)	(1,346,631.24)	(70,345.10)	(850.00)	(16,976,620.89)
As at March 31, 2016	<u>72,443.56</u>	<u>116,480.50</u>	<u>1,470,866.42</u>	<u>47,167.63</u>	<u>4,500.00</u>	<u>1,711,458.11</u>
Accumulated depreciation and impairment						
As on April 1, 2015	3,417,726.90	73,551.99	946,653.52	26,798.74	-	4,464,731.15
Additions	2,179,025.78	32,012.15	519,347.70	25,567.63	1,132.86	2,757,086.12
Deletion	(5,555,750.48)	(4,784.55)	(653,475.41)	(28,607.64)	(179.99)	(6,242,798.07)
As at March 31, 2016	<u>41,002.20</u>	<u>100,779.59</u>	<u>812,525.81</u>	<u>23,758.73</u>	<u>952.87</u>	<u>979,019.20</u>
Carrying amount						
As at March 31, 2016	<u>31,441.36</u>	<u>15,700.91</u>	<u>658,340.61</u>	<u>23,408.90</u>	<u>3,547.13</u>	<u>732,438.91</u>

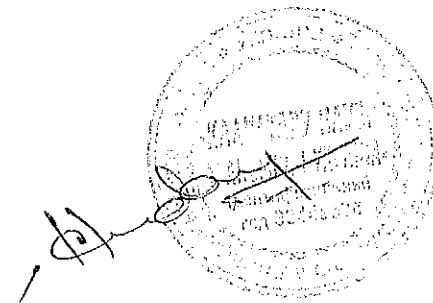
"KALPATARU POWER TRANSMISSION UKRAINE" LIMITED LIABILITY COMPANY, UKRAINE

Financial Statements
for the period ended March 31, 2016

Notes to the financial statements (continued...)

	31-Mar-16 Apr 15 - Mar 16	31-Mar-15 Apr 14 - Mar 15
	UAH	UAH
9 Inventories		
Construction Work-in-Progress	-	86,567.57
Inventories	<u>207,224.01</u>	<u>188,637,179.86</u>
	<u>207,224.01</u>	<u>188,723,747.43</u>
10 Trade and other receivables		
Trade receivables	33,010,477.76	242,072,007.52
Prepaid expenses	188,853.65	100,129,978.30
Advance Income Tax	1,582,707.00	255,347.00
VAT Input credit	<u>7,071,354.53</u>	<u>18,125,312.99</u>
	<u>41,853,392.94</u>	<u>360,582,645.81</u>
11 Cash and cash equivalents		
Cash in hand	-	92.04
Cash at bank	<u>499,654.04</u>	<u>20,672,083.96</u>
	<u>499,654.04</u>	<u>20,672,176.00</u>

	For the period ended 31st March 2016		For the period ended 31st March 2015	
	Representative office of Kalpataru Power Transmission Limited in Ukraine	Kalpataru Power Transmission Limited India	Representative office of Kalpataru Power Transmission Limited in Ukraine	Kalpataru Power Transmission Limited India
12 Related party transactions				
Transaction during the year with entities				
Purchase of Towers, Conductor and Equipment's		101,055,731.56		341,542,839.83
Sale of Stringing Tools		(12,145,484.59)		
Invoicing without VAT				
Billed	(583,158,152.77)		(720,079,806.61)	
Unbilled (25200100)	54,435,994.62		12,226,178.86	
Closing Balance with entities				
Advance from Customer				
Trade Receivables				
Billed	15,834,998.00	5,437,445.44	171,097,453.71	
Unbilled (25200100)	16,530,504.40		70,966,499.02	
Trade payable				(343,148,132.68)



"KALPATARU POWER TRANSMISSION UKRAINE" LIMITED LIABILITY COMPANY, UKRAINE

Financial statements

for the period ended March 31, 2016

Notes to the financial statements (continued...)

13 Contingent Liabilities

- 13.1 As at 31.03.2016, VAT Credit of 5 099 thousand UAH, has not been given by the tax authorities due to delayed submission of VAT vouchers after expiry period. The company filed an administrative lawsuit to the court on 04.04.2016 to get the tax credit for the same. At present, taking into account the requirements of the applicable tax legislation and last explanation letter of Tax authority dated 09.02.2016, the Company considers to have enough chances for positive outcome of the court case.
- 13.2 As on 31.03.2016, The Company had a contingent liability for an amount of 6 030 thousand UAH resulting from automatic charging of penalties for VAT erroneously from Tax System. The Company has filed a lawsuit on 26.04.2016 against this penalties. The Company considers to have enough chances for positive outcome of the court case, as penalties has been charged automatically from computer system erroneously. On April 25, 2016, the tax authorities has taken lien on the fixed assets (carrying valuing 732 thousand UAH) of the company against non-payment of penalties of 6 030 thousand UAH resulting from automatic charging of penalties for VAT from Tax System

14 Capital Management

The primary business objective of the KPTU LLC's capital management policy is to maintain strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

15 Approval of financial statements

These financial statements were approved by the management and authorized for issued on 25 May 2016

