

To the members of PIPELINE SYSTEMS LTD.

1. We have audited the attached Balance Sheet of **PIPELINE SYSTEMS LTD.**, Mauritius as at 31st March 2017 and the Profit and Loss Account for the year then ended, both annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion
3. On the basis of the information and explanation given to us, we are of the opinion that the attached financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the statement of affairs of PIPELINE SYSTEMS LTD as at 31st March 2017; and
 - b) In the case of Profit and Loss Account, of the results of operations of PIPELINE SYSTEMS LTD. for the year then ended.

Place: New Delhi
Date : 22.05.2017



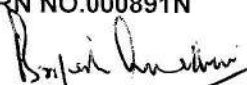
For Suresh C. Mathur & Co.
Chartered Accountants
FRN No. 000891N
Brijesh Mathur
(BRIJESH C. MATHUR)
Partner
Membership No.083540

PIPELINE SYSTEMS LIMITED
BALANCE SHEET AS ON 31ST MARCH 2017

	Schedule	<i>Amount in USD \$</i>	
		As at 3/31/2017	As at 3/31/2016
SOURCES OF FUNDS			
SHARE HOLDERS FUNDS			
A) Share Capital	A	30,859,731	30,859,731
B) Reserves & Surplus	B	(5,289,489)	(4,814,818)
TOTAL		25,570,242	26,044,913
APPLICATION OF FUNDS			
FIXED ASSETS			
A) Plant & Machinery	C	11,282,756	11,282,756
Less : Depreciation for the year		8,406,059	7,941,258
		2,876,697	3,341,498
INVESTMENT		40,861	40,861
CURRENT ASSETS, LOAN AND ADVANCES			
A) Cash & Bank	D	6,997	10,408
B) Loans & Advances	E	22,659,441	22,666,418
		22,666,438	22,676,826
CURRENT LIABILITIES & PROVISIONS			
A) Current Liabilities	F	13,754	14,272
B) Provisions		Nil	Nil
		13,754	14,272
		22,652,684	22,662,554
Profit and Loss Account	B	-	-
TOTAL		25,570,242	26,044,913

As per our report attached

for Suresh C.Mathur & Co
Chartered Accountants
FRN NO.000891N


(BRIJESH C.MATHUR)
Partner
M.No. 083540



**FOR AND ON BEHALF OF
THE BOARD OF DIRECTORS**

ASHOK PUNJ
Director



KESHAV PUNJ
Director



Place : New Delhi
Date :

PIPELINE SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2017

Amount in USD \$

		<u>As at 31-Mar-17</u>		<u>As at 31-Mar-16</u>
INCOME		-		-
EXPENDITURE				
Audit Fees	843		843	
Directors Fees	2,000		2,000	
Secretarial Fees	1,000		1,000	
FSC Licence Fees	235		235	
Bank Charges	1,355		1,375	
Administration Expenses	4,436		6,038	
Depreciation for the year	464,801	474,670	539,903	551,394
Profit / (Loss) Before Taxation		<u>(474,670)</u>		<u>(551,394)</u>

As per our report attached

for Suresh C.Mathur & Co
Chartered Accountants

FRN NO.000891N

Brijesh C. Mathur
20.5.17

(BRIJESH C.MATHUR)

Partner

M.No. 083540



**FOR AND ON BEHALF OF
THE BOARD OF DIRECTORS**

ASHOK PUNJ
Director

Ashok Punj

KESHAV PUNJ
Director

Keshav Punj

Place : New Delhi

Date :

PIPELINE SYSTEMS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2017

	Amount in USD \$	Amount in USD \$
	As at 3/31/2017	As at 3/31/2016
SCHEDULE "A"		
SHARE CAPITAL		
<i>Authorised :</i>		
Share Capital	30,859,731	30,859,731
	30,859,731	30,859,731
 SCHEDULE "B"		
PROFIT AND LOSS ACCOUNT		
As per Last Balance Sheet	(4,814,819)	(4,263,424)
Less : Profit / (Loss) during the year	(474,670)	(551,394)
	(5,289,489)	(4,814,818)
 SCHEDULE "D"		
CASH & BANK BALANCE		
Cash in Hand		-
Bank balance	6,997	10,408
	6,997	10,408
 SCHEDULE "E"		
LOANS AND ADVANCES		
PSL FZE - HAMRIYAH	22,658,396	22,665,373
Prepaid Expenses	1,045	1,045
	22,659,441	22,666,418
 SCHEDULE "F"		
CURRENT LIABILITIES		
PSL Limited	8,741	8,741
Accruals	5,013	5,531
	13,754	14,272

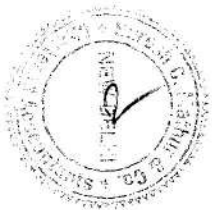


PIPELINE SYSTEMS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2017

SCHEDULE "C" FIXED ASSETS

	Rate	GROSS BLOCK				Depreciation			Net Block	
		As at	Additions	Deductions	As at	Upto	For the	UPTO	As at	As at
		1-Apr-16	During the	During the	31-Mar-17	1-Apr-16	Period	31-Mar-17	31-Mar-17	31-Mar-16
			Year	Year						
		USD		USD		USD	USD	USD	USD	
Plant & Machinery	13.91%	11,282,756	-	-	11,282,756	7,941,258	464,801	8,406,059	2,876,697	3,341,498
TOTALS		11,282,756	-	-	11,282,756	7,941,258	464,801	8,406,059	2,876,697	3,341,498
PREVIOUS YEAR TOTALS		11,282,756	-	-	11,282,756	7,401,355	539,903	7,941,258	3,341,498	3,881,401



To the members of PIPELINE SYSTEMS LTD.

1. We have audited the attached Consolidated Balance Sheet of **PIPELINE SYSTEMS LTD** and its subsidiary namely PSL FZE as at 31st March 2017, and the Consolidated Profit and Loss Account for the year then ended, both annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary of PIPELINE SYSTEMS LTD, Mauritius called PSL FZE, Sharjah. These financial statements and other financial information have been audited by other auditor whose report / returns have been furnished to us, and our opinion in so far as it relates to the amounts included in respect of this subsidiary is based solely on the report of the other auditor.
4. On the basis of the information and explanation given to us and on the consideration of the separate audit report on individual financial statements and on the other financial information of the components of PSL FZE, we are of the opinion that the attached financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Consolidated Balance Sheet, of the consolidated statement of affairs of PIPELINE SYSTEMS LTD and its subsidiary as at 31st March 2017; and
 - b) In the case of Consolidated Profit and Loss Account, of the consolidated results of operations of PIPELINE SYSTEMS LTD and its subsidiary for the year then ended.

Place: New Delhi
Date : 22.05.2017



For Suresh C. Mathur & Co.
Chartered Accountants
ERN No. 000891N


(BRIJESH C. MATHUR)
Partner
Membership No.083540

PIPELINE SYSTEMS LTD

CONSOLIDATED BALANCE SHEET OF PIPELINE SYSTEMS LTD AS AT 31 MARCH 2017

[AMT IN USD]

	Schedule	For the Year Ended March 31,2017	For the Year Ended March 31,2016
SOURCES OF FUNDS			
SHARE HOLDERS FUNDS			
A) Share Capital	A	30,859,731	30,859,731
B) Reserve & Surplus	B	(46,377,462)	(37,683,795)
LOAN FUNDS			
A) Secured Loans	C	63,344,038	63,555,960
		47,826,307	56,731,896
APPLICATION OF FUNDS :			
A) FIXED ASSETS	D	69,422,624	69,410,923
LESS :DEPRECIATION		39,624,704	34,899,059
		29,797,920	34,511,864
CURRENT ASSETS, LOANS & ADVANCES			
A) Inventory	E	3,581,802	3,142,065
B) Sundry Debtors	F	6,185,986	10,021,530
C) Cash & Bank Balances	G	811,085	1,341,012
D) Loans and Advances	H	10,704,997	10,764,915
		21,283,870	25,269,522
LESS : CURRENT LIABILITIES & PROVISIONS			
	I	3,255,482	3,049,490
		3,255,482	3,049,490
		18,028,388	22,220,032
MISCELLANEOUS EXPENDITURE			
		-	-
		47,826,307	56,731,896

As per our report attached

for Suresh C.Mathur & Co
Chartered Accountants
FRN NO. 000891N

Brijesh C. Mathur
(BRIJESH C.MATHUR)
Partner
M.No. 083540



Place : NEW DELHI
Date :

FOR AND ON BEHALF OF
THE BOARD OF DIRECTORS

ASHOK PUNJ
Director

KESHAV PUNJ
Director

Ashok Punj
Keshav Punj

PIPELINE SYSTEMS LTD

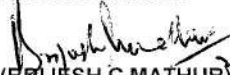
CONSOLIDATED PROFIT AND LOSS ACCOUNT OF PIPELINE SYSTEMS LTD
FOR THE YEAR ENDED 31ST MARCH 2017

[AMT IN USD]

	Schedule	For the Year Ended March 31,2017	For the Year Ended March 31,2016
INCOME :	J	3,408,625	15,914,780
EXPENDITURE ::			
Raw Materials & Stores	K	1,282,419	4,623,438
Manufacturing & Process Expenses		199,075	2,925,583
Employees' Remuneration & Benefits	L	722,653	834,069
Other Expenses	M	3,202,506	5,289,642
Interest on loan		1,969,976	7,258,210
Depreciation		4,727,163	5,452,609
Profit / (Loss) transferred to Balance Sheet		(8,695,167)	(10,468,772)

As per our report attached

for Suresh C.Mathur & Co
Chartered Accountants
FRN NO. 000891N


(BRIJESH C.MATHUR)
Partner
M.No. 083540



Place : NEW DELHI
Date :

FOR AND ON BEHALF OF
THE BOARD OF DIRECTORS

ASHOK PUNJ
Director



KESHAV PUNJ
Director



SCHEDULES FORMING PART OF THE BALANCE SHEET FOR THE YEAR ENDED ON MARCH 31,2017

[AMT IN USD]

	For the Year Ended March 31,2017	For the Year Ended March 31,2016
SCHEDULE "A"		
SHARE CAPITAL		
Authorised :		
Share Capital	30,859,731	30,859,731
	<u>30,859,731</u>	<u>30,859,731</u>

SCHEDULE "B"		
RESERVES & SURPLUS		
As per Last Balance Sheet	(37,683,795)	(27,215,023)
Profit During the Year	(8,695,167)	(10,468,772)
	<u>(46,378,962)</u>	<u>(37,683,795)</u>
Add/ (Less) : Foreign Exchange Fluctuation	1,499.67	(0.06)
	<u>(46,377,462)</u>	<u>(37,683,795)</u>

SCHEDULE "C"		
SECURED LOANS		
From Banks (Secured against Hypothecation of current assets and second charge on the assets)	30,344,038	30,555,960
Term Loan (Secured against SBLC issued by ICICI Bank-Bahrain	33,000,000	33,000,000
	<u>63,344,038</u>	<u>63,555,960</u>



SCHEDULES FORMING PART OF THE BALANCE SHEET FOR THE YEAR ENDED ON MARCH 31,2017

SCHEDULE "D" : FIXED ASSETS

[AMT IN USD]

PARTICULARS	Rate	GROSS BLOCK		DEPRECIATION		NET BLOCK			
		As at 1-Apr-16	Additions During the Year	As 31-Mar-17	Upto 1-Apr-16	For the Period	Upto 31-Mar-17	As on 31-Mar-17	As on 31-Mar-16
Furniture & Fixtures	18.10%	32,258		32,258	20,820	2,070	22,890	9,368	11,438
Office Equipment	13.91%	48,775	462	49,237	27,700	2,988	30,687	18,549	21,076
Plant & Machinery	13.91%	64,413,928	10,426	64,424,354	31,968,821	4,513,338	36,482,159	27,942,195	32,445,107
Computers	40.00%	32,361	814	33,175	30,089	923	31,012	2,163	2,272
Motor Cars	25.89%	60,514		60,514	55,188	1,331	56,519	3,995	5,326
Earthmoving Equipments	30.00%	572,672		572,672	529,794	12,863	542,657	30,014	42,878
Shed Constructions	10.00%	3,957,193		3,957,193	2,122,752	183,444	2,306,196	1,650,997	1,834,441
Office Building	5.00%	189,389		189,389	51,294	6,905	58,199	131,191	138,095
Vehicles	25.89%	103,833		103,833	91,084	3,301	94,385	9,448	12,749
TOTALS		69,410,923	11,702	69,422,624	34,897,542	4,727,163	39,624,704	29,797,920	34,513,382
PREVIOUS YEAR FIGURES		68,516,844	894,079	69,410,923	29,446,450	5,452,609	34,899,059	34,511,865	39,070,395



SCHEDULES FORMING PART OF THE BALANCE SHEET FOR THE YEAR ENDED ON MARCH 31,2017

[AMT IN USD]

	For the Year Ended March 31,2017	For the Year Ended March 31,2016
SCHEDULE "E"		
Inventory		
Raw Material , Consumables , Semi finished goods & Work In progress	3,459,031	3,026,643
Finished goods	122,771	115,422
	<u>3,581,802</u>	<u>3,142,065</u>
SCHEDULE "F"		
Sundry Debtors	6,185,986	10,021,530
	<u>6,185,986</u>	<u>10,021,530</u>
SCHEDULE "G"		
Cash & Bank Balances		
Cash in Hand	55,028	253
Bank Balances	756,057	1,340,759
	<u>811,085</u>	<u>1,341,012</u>
SCHEDULE "H"		
Loans & Advances		
Loans & Advances	10,599,819	10,635,575
Staff Advance	-	-
Deposits	105,178	129,340
	<u>10,704,997</u>	<u>10,764,915</u>
SCHEDULE "I"		
CURRENT LIABILITIES		
Sundry Creditors	2,801,065	2,430,999
Mobilisation Advance	-	70,993
Other Liabilities	454,417	547,498
	<u>3,255,482</u>	<u>3,049,490</u>



SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31,2017

[AMT IN USD]

	For the Year Ended March 31,2017	For the Year Ended March 31,2016
SCHEDULE " J "		
INCOME :		
Sales & Pipe Coating Receipts	3,400,917	15,900,936
Other Income	7,708	13,844
	<u>3,408,625</u>	<u>15,914,780</u>

SCHEDULE " K "

Raw Material and Stores

A. Raw Material Consumed

Opening Stock	2,179,577	2,772,918	
Add : Purchases during the year	1,606,806	282,258	
Less : Closing Stock	<u>2,536,507</u>	<u>2,179,577</u>	
Consumption During the year	<u>1,249,876</u>	<u>875,599</u>	

B. Consumption of Stores

Consumables & Stores			
Opening Stock	847,066	862,905	
Purchases	115,351	68,718	
Less : Closing Stock	<u>835,580</u>	<u>847,066</u>	
Consumption During the year	<u>126,836</u>	<u>84,557</u>	960,156

C. Change in Finised Goods and WIP

(94,293) 3,663,282

1,282,419 4,623,438

SCHEDULE "L"

EMPLOYEES' REMUNERATION & BENEFITS

Salaries, Wages	618,221	573,442
Staff Welfare	104,432	260,627
	<u>722,653</u>	<u>834,069</u>

SCHEDULE "M"

OTHER EXPENSES

	33,808	22,158
Bank Charges	147,779	375,026
Commission	27,637	730,605
Conveyance Expenses	3,285	1,951
Postage , Telegram and Telephone	690	944
General Expenses	327,574	147,590
Insurance Expenses	63,987	5,799
Licence - Registration fees	13,349	8,914
Motor Vehicle Expenses	30,862	32,778
Printing & Stationary Expenses	2,477	2,533
Professional charges	243,831	798,233
Rent Rates and Taxes	457,958	2,848,203
Repairs and Maintenance	16,132	193,922
Telephone/Internet Expenses	18,560	17,318
Travelling Expenses	71,666	103,668
Bad Debts	1,742,911	-
	<u>3,202,506</u>	<u>5,289,642</u>



**SCHEDULE "N" - NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
ON MARCH 31, 2017**

1 SIGNIFICANT ACCOUNTING POLICIES

a. Method of Accounting

The company maintain their accounting records on double entry system

b. Inventories

The raw materials, stores and spare parts are valued at cost, which is arrived on FIFO basis. Cost of inventories comprises of all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present condition and location. Cost of raw materials, stores and spares are determined by the average method.

c. Depreciation

Depreciation is provided from the date the assets have been installed and put to use on written down value method. Depreciation on additions to assets is calculated pro rata from the month of such addition.

d. Lease

i) Land is procured on lease basis from Hamriyah Free Zone Authority and lease rentals are accounted as per the terms and conditions under lease agreement.

ii) Plant & Machinery has been given on lease to PSL FZE, Sharjah (Subsidiary company). Rental income from the subsidiary has been deferred.

e. Revenue Recognition / Income

Revenue Income is recognised on accrual basis except where mentioned otherwise, in particular

i) Sales revenue is recognised when it is earned and no significant uncertainty exists at its realisation or collection. Sales are net of sales return and trade discounts. Rebate, claims and discounts are accounted for as and when determined. Deductions made have been reduced from the sales where found necessary.

Revenue from services is recognised on rendering of services.

ii) Gross Sales include freight charged in invoices

iii) Expenditure are accounted for on accrual basis and provisions are made for all known liabilities.

f. Treatment of expenditure during construction period

Expenditure in the case of new units and substantial expansion of existing units during the construction period is included in work in progress and the same is allocated to the respective Fixed Assets on the completion of the construction.

g. Fixed Assets

i) Fixed assets are stated at Cost of acquisition and installation. The cost includes freight and related incidental expenses

ii) The company has erected factory building sheds and installed plant and machinery on lease hold land

h. Foreign Currency Transactions

i) The payment and receipts in foreign currency during the period are accounted at the rates prevailing on the date of transactions.

ii) All loans in foreign currency and outstanding at the close of year are expressed in AED at the appropriate rate of exchange prevailing on the date of Balance sheet.

i. Sundry Debtors / Loans and Advances

These have been stated after making adequate provision for doubtful debts/ advances



j Contingent Liabilities

Contingent Liabilities are disclosed in the notes to accounts. Provisions are made if it became probable that an outflow of future economic benefits will be required for an item previously dealt with it as a contingent liabilities.

		2016-2017		2015-2016
Bank guarantees given by the Banks	USD	4,515,209	USD MIO	8,618,480

2 LICENCED AND INSTALLED CAPACITY

	UNIT	LICENCED AND INSTALLED	
		2016-2017	2015-2016
Spiral Arc Welded Pipes	MT	150000	150000
Coating On Steel Pipes	Mtrs	NOT APPLICABLE	NOT APPLICABLE

3 PRODUCTION ,OPENING AND CLOSING STOCK

NAME	UNIT	PRODUCTION		OPENING STOCK		CLOSING STOCK	
		Quantity 2016-2017	Quantity 2015-2016	Quantity 2016-2017	Quantity 2015-2016	Quantity 2016-2017	Quantity 2015-2016
1 HSAW Pipes	MT	8,455.55	-	-	-	328.55	-
2 Coating on Steel Pipes/Jobs	Mtrs	Turnkey Jobs		Turnkey Jobs		Turnkey Jobs	

4 SALES TURNOVER & COATING JOBS

	Unit	2016-2017		2015-2016	
		Quantity	Value	Quantity	Value
1 HSAW Pipes	M.T.	8,127.00	1,815,373.95		
2 Coating on Steel Pipes			1,539,325		15,854,223
3 Anodes					46,714
4 Induction Bends					13,844
5 Others			53,925.92		
TOTAL			3,408,625		15,914,780

5 RAW MATERIAL CONSUMPTION

	Unit	2016-2017		2015-2016	
		Quantity	Value	Quantity	Value
1 H.R.Coil	M.T.	10,074.40	841,287	7.15	9,258
2 Flux	M.T.	37.23	64,269	-	-
3 Filler wire	M.T.	39.72	57,863	-	-
4 Polypropylene	M.T.	35.68	69,547	175.45	320,813
5 PE Powder	M.T.	1.45	3,621	1.25	3,336
6 Coaltar	M.T.			-	-
7 Synthetic Primer	LTR			-	-
8 Base Copon Hycote	LTR			-	-
9 Activator Copon	LTR			-	-
10 Copon Thinner	LTR			-	-
11 Cement	M.T.			611.20	49,580
12 Wiremesh	SQM			13,918.10	27,231
13 Ironore	M.T.			1,620.50	170,126
14 Epoxy Powder	M.T.	16.78	63,304	11.42	142,948
15 Polyethylene	M.T.	70.45	104,625	23.00	72,162
16 Adhesive	M.T.	8.50	28,640	19.70	63,514
17 Inter Zone 954 Black				-	-
18 Inter Line 925 White				-	-
19 International Thinner				-	-
20 Others			16,719		16,630
TOTAL			1,249,876		875,599
21 Stores & Consumables			126,836		84,557
			1,376,712		960,156



6 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value :

Financial assets of the establishment include cash and bank balance , trade and other receivables and financial liabilities include trade other payables and loans from related party.

The management believes that the fair values of the financial assets and liabilities are not significantly different from their carrying amounts at balance sheet date.

Exchange rate risks

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirate Dirham or Dollars to which the Dirham is pegged.

- 7 The previous year figures have been regrouped / rearranged wherever necessary to conform with the current year classification
- 8 The rate of Conversion 1 USD = 3.685 AED

As per our report attached

for Suresh C. Mathur & co.
CHARTERED ACCOUNTANTS
FRN NO. 000891N

Brijesh C. Mathur
22.5.17
(BRIJESH C.MATHUR)
Partner
M.No. 083540



Place : NEW DELHI
Date :

For and on Behalf of
the board of directors

ASHOK PUNJ
Director

Ashok Punj
Keshav Punj

KESHAV PUNJ
Director